

Labor

	Labor				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,829,700	25,877,500	26,344,400	4,649,500	4,744,100
State Salary and Compensation Allocation	327,600				
Mandated Expenditure Reductions	-188,500				
Total General Fund	4,968,800	25,877,500	26,344,400	4,649,500	4,744,100
Restricted Funds					
Balance Forward	14,402,700	793,000	262,900	793,000	378,900
Current Receipts	93,166,700	90,568,200	92,060,800	107,533,500	109,000,300
Non-Revenue Receipts	92,667,700	103,154,300	104,285,400	101,338,400	102,277,600
Fund Transfers	-69,100				
Total Restricted Funds	200,168,000	194,515,500	196,609,100	209,664,900	211,656,800
Federal Funds					
Balance Forward	2,600				
Current Receipts	3,708,500	4,436,400	4,657,700	4,047,100	4,260,500
Non-Revenue Receipts	-218,400	-254,700	-253,100	-254,700	-253,100
Total Federal Funds	3,492,700	4,181,700	4,404,600	3,792,400	4,007,400
TOTAL SOURCE OF FUNDS	208,629,500	224,574,700	227,358,100	218,106,800	220,408,300
EXPENDITURES BY CLASS					
Personnel Cost	130,121,500	144,965,700	147,464,100	139,129,100	141,271,400
Operating Expenses	6,380,200	8,253,400	8,709,700	7,613,700	8,086,100
Grants Loans Benefits	70,604,200	70,604,200	70,604,200	70,604,200	70,604,200
Capital Outlay	470,900	488,500	545,700	380,900	412,200
TOTAL EXPENDITURES	207,576,800	224,311,800	227,323,700	217,727,900	220,373,900
EXPENDITURES BY FUND SOURCE					
General Fund	4,709,100	25,877,500	26,344,400	4,649,500	4,744,100
Restricted Funds	199,375,000	194,252,600	196,574,700	209,286,000	211,622,400
Federal Funds	3,492,700	4,181,700	4,404,600	3,792,400	4,007,400
TOTAL EXPENDITURES	207,576,800	224,311,800	227,323,700	217,727,900	220,373,900
EXPENDITURES BY UNIT					
Secretary	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
General Administration and Program Support	5,805,300	7,027,400	7,304,100	5,816,400	6,091,900
Workplace Standards	82,042,200	84,543,200	85,025,300	82,518,800	82,844,400
Workers' Claims	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
Occupational Safety and Health Review Commission	512,600	563,700	578,700	541,100	551,200
Workers' Compensation Funding Commission	99,782,900	110,400,900	111,736,000	108,220,800	109,512,200
TOTAL EXPENDITURES	207,576,800	224,311,800	227,323,700	217,727,900	220,373,900

The Labor Cabinet is created pursuant to KRS 336. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, and the Department of Workplace Standards. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workplace Standards also administers the payment of workers' compensation injury claims by the Special Fund and the Coal Workers' Pneumoconiosis Fund.

Attached to the Labor Cabinet for administrative purposes are the Kentucky Labor Management Advisory Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employers' Mutual Insurance Authority, the Workers' Compensation Nominating Commission, and the Workers' Compensation Board.

In addition, the Office of General Administration and Program Support for Shared Services and the Office of Inspector General are attached to the Labor Cabinet for administrative purposes. These offices provide principal administrative, human resources, budget, auditing, and internal investigation activities for the Labor Cabinet, Energy and Environment Cabinet, and Public Protection Cabinet.

	Labor Secretary				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	256,600				
Current Receipts	16,800	16,800	16,800	16,800	16,800
Non-Revenue Receipts	3,880,000	4,729,200	4,891,400	4,498,500	4,660,200
Total Restricted Funds	4,153,400	4,746,000	4,908,200	4,515,300	4,677,000
Federal Funds					
Current Receipts	189,600	194,700	194,700	194,700	194,700
Non-Revenue Receipts	-24,700	-24,700	-24,700	-24,700	-24,700
Total Federal Funds	164,900	170,000	170,000	170,000	170,000
TOTAL SOURCE OF FUNDS	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
EXPENDITURES BY CLASS					
Personnel Cost	3,488,800	4,046,800	4,179,000	3,816,100	3,947,800
Operating Expenses	746,500	754,200	754,200	754,200	754,200
Capital Outlay	83,000	115,000	145,000	115,000	145,000
TOTAL EXPENDITURES	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	4,153,400	4,746,000	4,908,200	4,515,300	4,677,000
Federal Funds	164,900	170,000	170,000	170,000	170,000
TOTAL EXPENDITURES	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
EXPENDITURES BY UNIT					
Secretary	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
TOTAL EXPENDITURES	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000

The Secretary of Labor manages and administers the duties of the Cabinet.

Funding for the Office of the Secretary is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
General Administration and Program Support

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,034,700	4,026,800	4,321,800	2,931,800	2,993,600
State Salary and Compensation Allocation	221,100				
Mandated Expenditure Reductions	-125,100				
Total General Fund	3,130,700	4,026,800	4,321,800	2,931,800	2,993,600
Restricted Funds					
Balance Forward	707,900	509,700	262,900	509,700	378,900
Non-Revenue Receipts	2,647,700	2,686,800	2,686,800	2,686,800	2,686,800
Fund Transfers	-69,100				
Total Restricted Funds	3,286,500	3,196,500	2,949,700	3,196,500	3,065,700
Federal Funds					
Current Receipts	69,500	69,500	69,500	69,500	69,500
Non-Revenue Receipts	-2,500	-2,500	-2,500	-2,500	-2,500
Total Federal Funds	67,000	67,000	67,000	67,000	67,000
TOTAL SOURCE OF FUNDS	6,484,200	7,290,300	7,338,500	6,195,300	6,126,300
EXPENDITURES BY CLASS					
Personnel Cost	5,042,600	6,370,600	6,602,300	5,271,800	5,475,700
Operating Expenses	740,700	656,800	701,800	544,600	616,200
Capital Outlay	22,000				
TOTAL EXPENDITURES	5,805,300	7,027,400	7,304,100	5,816,400	6,091,900
EXPENDITURES BY FUND SOURCE					
General Fund	2,961,500	4,026,800	4,321,800	2,931,800	2,993,600
Restricted Funds	2,776,800	2,933,600	2,915,300	2,817,600	3,031,300
Federal Funds	67,000	67,000	67,000	67,000	67,000
TOTAL EXPENDITURES	5,805,300	7,027,400	7,304,100	5,816,400	6,091,900
EXPENDITURES BY UNIT					
Office of General Admin & Program Support Shared Services	5,045,600	6,090,600	6,338,900	5,035,500	5,262,400
Inspector General Shared Services	759,700	936,800	965,200	780,900	829,500
TOTAL EXPENDITURES	5,805,300	7,027,400	7,304,100	5,816,400	6,091,900

Attached to the Labor Cabinet for administrative purposes, General Administration and Program Support for Shared Services includes the Office of Administrative and Program Support for Shared Services and the Office of Inspector General for Shared Services. Both offices provide the Public Protection Cabinet, Labor Cabinet and Energy and Environment Cabinet agencies with the centralized administrative resources necessary to carry out their mission.

The Office of Administrative and Program Support for Shared Services serves as a central point of contact for fiscal, personnel, payroll, budget and operations for the three Cabinet's. The Division of Information Services within the Office of Administrative and Program Support for Shared Services is a central point of contact for information technology services for the Public Protection Cabinet and Energy and Environment Cabinet.

The Office of Inspector General for Shared Services is the lead investigative agency for the three Cabinets.

**Labor
Workplace Standards**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,795,000	2,850,700	3,022,600	1,717,700	1,750,500
State Salary and Compensation Allocation	106,500				
Mandated Expenditure Reductions	-63,400				
Total General Fund	1,838,100	2,850,700	3,022,600	1,717,700	1,750,500
Restricted Funds					
Balance Forward	4,526,900				
Current Receipts	1,140,700	1,140,700	1,140,700	1,140,700	1,140,700
Non-Revenue Receipts	71,366,200	76,607,100	76,694,400	76,105,000	76,182,800
Total Restricted Funds	77,033,800	77,747,800	77,835,100	77,245,700	77,323,500
Federal Funds					
Balance Forward	2,600				
Current Receipts	3,449,400	4,172,200	4,393,500	3,782,900	3,996,300
Non-Revenue Receipts	-191,200	-227,500	-225,900	-227,500	-225,900
Total Federal Funds	3,260,800	3,944,700	4,167,600	3,555,400	3,770,400
TOTAL SOURCE OF FUNDS	82,132,700	84,543,200	85,025,300	82,518,800	82,844,400
EXPENDITURES BY CLASS					
Personnel Cost	9,039,200	11,342,900	11,792,400	9,675,400	9,895,600
Operating Expenses	2,177,600	2,430,200	2,361,500	2,073,300	2,077,400
Grants Loans Benefits	70,604,200	70,604,200	70,604,200	70,604,200	70,604,200
Capital Outlay	221,200	165,900	267,200	165,900	267,200
TOTAL EXPENDITURES	82,042,200	84,543,200	85,025,300	82,518,800	82,844,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,747,600	2,850,700	3,022,600	1,717,700	1,750,500
Restricted Funds	77,033,800	77,747,800	77,835,100	77,245,700	77,323,500
Federal Funds	3,260,800	3,944,700	4,167,600	3,555,400	3,770,400
TOTAL EXPENDITURES	82,042,200	84,543,200	85,025,300	82,518,800	82,844,400
EXPENDITURES BY UNIT					
Employment Standards	1,846,200	2,850,700	3,022,600	1,717,700	1,750,500
Special Fund	71,200,000	71,278,700	71,316,300	71,240,600	71,270,400
Occupational Safety and Health	8,589,300	9,959,100	10,192,700	9,130,900	9,359,400
Commissioner's Office	406,700	454,700	493,700	429,600	464,100
TOTAL EXPENDITURES	82,042,200	84,543,200	85,025,300	82,518,800	82,844,400

The Department of Workplace Standards operates under the authority of KRS Chapters 336, 337, 338, 339, 342, 343, and 388.

The Department is comprised of the Division of Occupational Safety and Health Compliance; the Division of Employment Standards, Apprenticeship and Mediation; the Division of Occupational Safety and Health Education and Training; and the Division of Workers' Compensation Funds.

The Division of Workers' Compensation Funds is responsible for the administration and legal representation of the Special Fund and Coal Workers' Pneumoconiosis Fund and the maintenance of records regarding the payment of workers' compensation injury claims by these funds.

The Division of Occupational Safety and Health Compliance ensures that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in the work environment. Penalties collected by the Division are returned to the General Fund.

The Division of Occupational Safety and Health Education and Training promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, technical data, and technical and informational materials. The Division also gathers and monitors statistical data concerning job injuries and illnesses, and acts as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

The Division of Employment Standards, Apprenticeship and Mediation is responsible for enforcing areas of Kentucky labor laws including minimum wage, overtime, prevailing wage, child labor, wage discrimination based on sex, apprenticeship and training and mediation.

The Department of Workplace Standards is funded with restricted agency receipts garnered through the Workers' Compensation Funding Commission under the authority of KRS 342; federal funding received from the U.S. Department of Labor, Occupational Safety and Health Administration; and General Fund dollars that support only the Division of Employment Standards, Apprenticeship and Mediation Services.

**Labor
Workers' Claims**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	620,800				
Current Receipts	120,000				
Non-Revenue Receipts	14,374,700	16,860,600	17,601,400	15,945,500	16,527,200
Total Restricted Funds	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
TOTAL SOURCE OF FUNDS	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
EXPENDITURES BY CLASS					
Personnel Cost	12,698,600	14,261,000	14,729,300	13,493,700	13,813,800
Operating Expenses	2,272,200	2,392,000	2,738,600	2,351,800	2,713,400
Capital Outlay	144,700	207,600	133,500	100,000	
TOTAL EXPENDITURES	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
TOTAL EXPENDITURES	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
EXPENDITURES BY UNIT					
Workers' Claims	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
TOTAL EXPENDITURES	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200

The Department of Workers' Claims operates under the authority of KRS Chapters 11, 342, and 336. The Department enforces statutes with regard to workers' compensation coverage for Kentucky's 2.1 million employees, administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance, and rehabilitation provisions in KRS Chapter 342.

The Department has four divisions. The Division of Claims Processing processes injury claims. The Division of Information and Research collects, stores and retrieves data and disseminates information for the Department. The Division of Security and Compliance handles electronic filings for coverage, enforcement investigations and self-insurance issues. The Division of Ombudsman and Workers' Compensation Specialist Services provides services to employees, employers, insurance carriers, and medical providers.

The Office of Administrative Law Judges conducts hearings; supervises the presentation of evidence and renders final decisions, orders or awards regarding workers' compensation claims.

The Workers' Compensation Board is attached to the Department for administrative purposes. The Board rules on appeals of decisions rendered by administrative law judges in the Kentucky Workers Claims' and Compensation system pursuant to KRS 342.213 and KRS 342.285. The board consists of three members appointed by the Governor to four-year terms. These members must possess the qualifications of appeals court justices and are held to those same professional ethical standards of behavior and compensation. A decision from two of the three board members constitutes a decision of the board.

The Workers' Compensation Advisory Council and the Workers' Compensation Nominating Commission established by KRS Chapter 342 are attached to the Department for administrative purposes.

Funding for the Department of Workers' Claims is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
Occupational Safety and Health Review Commission

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	115,300				
Non-Revenue Receipts	397,300	563,700	578,700	541,100	551,200
Total Restricted Funds	512,600	563,700	578,700	541,100	551,200
TOTAL SOURCE OF FUNDS	512,600	563,700	578,700	541,100	551,200
EXPENDITURES BY CLASS					
Personnel Cost	468,000	518,600	533,600	496,000	506,100
Operating Expenses	44,600	45,100	45,100	45,100	45,100
TOTAL EXPENDITURES	512,600	563,700	578,700	541,100	551,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	512,600	563,700	578,700	541,100	551,200
TOTAL EXPENDITURES	512,600	563,700	578,700	541,100	551,200
EXPENDITURES BY UNIT					
Occupational Safety and Health Review Commission	512,600	563,700	578,700	541,100	551,200
TOTAL EXPENDITURES	512,600	563,700	578,700	541,100	551,200

The Kentucky Occupational Safety and Health Review Commission is an independent quasi-judicial administrative agency which hears and rules on appeals of citations, pursuant to KRS 338.071 and KRS 338.081, issued by the Labor Cabinet's Division of Occupational Safety and Health Compliance.

The Commission receives and processes over 200 cases per year and holds hearings throughout the state. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
Workers' Compensation Funding Commission

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		19,000,000	19,000,000		
Total General Fund		19,000,000	19,000,000		
Restricted Funds					
Balance Forward	8,175,200	283,300		283,300	
Current Receipts	91,889,200	89,410,700	90,903,300	106,376,000	107,842,800
Non-Revenue Receipts	1,800	1,706,900	1,832,700	1,561,500	1,669,400
Total Restricted Funds	100,066,200	91,400,900	92,736,000	108,220,800	109,512,200
TOTAL SOURCE OF FUNDS	100,066,200	110,400,900	111,736,000	108,220,800	109,512,200
EXPENDITURES BY CLASS					
Personnel Cost	99,384,300	108,425,800	109,627,500	106,376,100	107,632,400
Operating Expenses	398,600	1,975,100	2,108,500	1,844,700	1,879,800
TOTAL EXPENDITURES	99,782,900	110,400,900	111,736,000	108,220,800	109,512,200
EXPENDITURES BY FUND SOURCE					
General Fund		19,000,000	19,000,000		
Restricted Funds	99,782,900	91,400,900	92,736,000	108,220,800	109,512,200
TOTAL EXPENDITURES	99,782,900	110,400,900	111,736,000	108,220,800	109,512,200
EXPENDITURES BY UNIT					
Workers' Compensation Funding Commission	1,705,000	1,862,900	1,988,700	1,717,500	1,825,400
Benefit Reserve	96,740,300	107,134,700	108,339,900	105,105,400	106,292,100
KCWP Fund	1,337,600	1,403,300	1,407,400	1,397,900	1,394,700
TOTAL EXPENDITURES	99,782,900	110,400,900	111,736,000	108,220,800	109,512,200

The Workers' Compensation Funding Commission was created through the passage of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342.

The Commission is governed by a seven-member Board of Directors. Board members include the Secretaries of Labor, Economic Development, and Finance and Administration Cabinets. In addition, the Governor appoints four members who represent labor, insurance companies writing workers' compensation insurance, employers, and self-insured employers and groups.

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky Workers' Compensation premiums received by all insurance carriers and group self-insurers, and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. These funds are to be used to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Employment Standards, Apprenticeship and Mediation; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

These assessments are credited to the Commission's Benefit Reserve Fund, and the excess of collections over Special Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities, and budgeted expenditures are invested according to the Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to Workers' Compensation funding.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

Included in the operating expenses are the fund transfers that represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

The Commission maintains a diverse financial long-term investment portfolio and has an agreement with the Office of Financial Management, within the Finance and Administration Cabinet, for short-term overnight investment advantages.

Policy

The Benefit Reserve Fund has a sufficient balance to meet all claims, expected growth, and reserves for the upcoming biennium. Therefore, the Executive Budget does not include the \$19,000,000 per year as required in KRS 342.122(1)(c).

Personnel

	Personnel				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	59,740,900	7,275,800	7,963,700	8,157,800	8,457,800
State Salary and Compensation Allocation	-47,959,200				
Mandated Expenditure Reductions	-4,390,200				
Total General Fund	7,391,500	7,275,800	7,963,700	8,157,800	8,457,800
Restricted Funds					
Balance Forward	16,683,800	13,426,400	11,563,600	13,426,300	7,327,900
Current Receipts	49,888,900	52,699,900	53,178,000	52,672,500	53,073,600
Non-Revenue Receipts	9,060,900	8,563,400	8,670,600	7,919,100	7,198,400
Fund Transfers	-2,777,100	-2,691,200	-2,691,600	-6,991,200	-2,691,600
Total Restricted Funds	72,856,500	71,998,500	70,720,600	67,026,700	64,908,300
TOTAL SOURCE OF FUNDS	80,248,000	79,274,300	78,684,300	75,184,500	73,366,100
EXPENDITURES BY CLASS					
Personnel Cost	58,746,000	59,782,200	62,603,700	60,918,500	62,631,800
Operating Expenses	6,395,500	6,398,200	6,440,300	5,470,100	5,260,600
Grants Loans Benefits	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
Capital Outlay	88,700	10,200	10,200	10,200	10,200
TOTAL EXPENDITURES	66,821,700	67,710,700	70,574,300	67,856,600	69,360,400
EXPENDITURES BY FUND SOURCE					
General Fund	7,391,500	7,275,800	7,963,700	8,157,800	8,457,800
Restricted Funds	59,430,200	60,434,900	62,610,600	59,698,800	60,902,600
TOTAL EXPENDITURES	66,821,700	67,710,700	70,574,300	67,856,600	69,360,400
EXPENDITURES BY UNIT					
General Operations	31,466,900	31,429,300	32,229,500	29,645,300	26,818,800
Public Employees Deferred Compensation Authority	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
Workers' Compensation Benefits and Reserve	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
State Salary and Compensation Fund				2,200,000	4,500,000
State Group Health Insurance Fund	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL EXPENDITURES	66,821,700	67,710,700	70,574,300	67,856,600	69,360,400

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application process, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of five appropriation units: General Operations, Public Employees Deferred Compensation Authority, Workers' Compensation Benefits and Reserve, the State Group Health Insurance Fund, and the State Salary and Compensation Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The Board had the responsibility to forward to the Governor a list of qualified applicants for the position of Commissioner of Personnel. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel-related functions. In 1998, the General Assembly elevated the Department to Cabinet status.

On April 1, 2011 the new Kentucky Human Resources Information System (KHRIS) went live and replaced the Commonwealth's 1982 Unified Personnel/Payroll System (UPPS).

Executive Order 2011-352, dated May 19, 2011, reorganized the Personnel Cabinet and its organizational structure.

**Personnel
General Operations**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		5,755,700	6,443,600	4,500,000	2,500,000
Other	5,800,000				
Total General Fund	5,800,000	5,755,700	6,443,600	4,500,000	2,500,000
Restricted Funds					
Balance Forward	94,100	140,800	266,300	140,800	122,900
Current Receipts	19,217,900	19,796,900	19,880,000	19,769,500	19,775,600
Non-Revenue Receipts	9,185,900	8,693,400	8,805,600	8,049,100	7,333,400
Fund Transfers	-2,690,200	-2,691,200	-2,691,600	-2,691,200	-2,691,600
Total Restricted Funds	25,807,700	25,939,900	26,260,300	25,268,200	24,540,300
TOTAL SOURCE OF FUNDS	31,607,700	31,695,600	32,703,900	29,768,200	27,040,300
EXPENDITURES BY CLASS					
Personnel Cost	25,507,900	25,519,500	26,282,700	24,664,500	22,052,600
Operating Expenses	5,883,600	5,901,300	5,938,300	4,972,300	4,757,700
Capital Outlay	75,400	8,500	8,500	8,500	8,500
TOTAL EXPENDITURES	31,466,900	31,429,300	32,229,500	29,645,300	26,818,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,800,000	5,755,700	6,443,600	4,500,000	2,500,000
Restricted Funds	25,666,900	25,673,600	25,785,900	25,145,300	24,318,800
TOTAL EXPENDITURES	31,466,900	31,429,300	32,229,500	29,645,300	26,818,800
EXPENDITURES BY UNIT					
General Administration	2,701,500	3,012,000	3,098,300	2,876,400	2,934,900
Governmental Service Center	863,400	936,400	960,700	895,300	914,900
Employee Relations	1,726,100	1,798,700	1,820,600	1,591,700	1,519,000
Employee Insurance	9,060,900	8,563,400	8,670,600	7,876,000	7,241,500
Personnel Administration	17,115,000	17,118,800	17,679,300	16,405,900	14,208,500
TOTAL EXPENDITURES	31,466,900	31,429,300	32,229,500	29,645,300	26,818,800

The General Operations unit includes the Office of the Secretary, the Department of Human Resources Administration and the Department of Employee Insurance.

The Secretary of the Personnel Cabinet is the executive and administrative head of the cabinet and supervises all activities of the cabinet. The Office of the Secretary includes: the Office of Administrative Services, the Office of Legal Services, the Office for Employee Relations, the Office of Diversity and Equality, the Governmental Services Center, and the Center for Strategic Innovation.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, and procurement functions.

The Office of Legal Services provides legal services relating to the enforcement and application of state and federal laws and regulations governing employment with both the Cabinet and other Executive Branch agencies.

The Office of Employee Relations administers the Kentucky Employee Assistance Program which provides assistance to troubled employees; life insurance benefits for state employees; the employee suggestion system; a mediation program to help resolve employment problems; the state safety program; and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, Murray State University, the Kentucky Community Technical College System, volunteer firefighters, volunteer ambulance personnel, and various local government entities.

The Office of Diversity and Equality is responsible for administering the Equal Employment Opportunity and Diversity Programs, the Minority Management Trainee Program, and the Commonwealth's affirmative action plan established in 18A.138.

The Governmental Services Center is responsible for government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning and performance measurement processes. It also has the responsibility of maintaining the employee performance management system.

The Center for Strategic Innovation is responsible for setting the strategic direction for the Cabinet, improving processes, developing services, and planning future service offerings.

The Department of Human Resources Administration consists of three divisions: the Division of Employee Management, the Division of Career Opportunities, and the Division of Technology Services. The responsibilities of this department include recruiting, counseling, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll records; and coordinating information technology within the Cabinet. In addition, the development and implementation of the replacement personnel and payroll system is coordinated through the Department of Human Resources Administration.

The Department of Employee Insurance manages state government's self-insured health insurance program, the Kentucky Employees' Health Plan. The Plan provides health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. The Department also provides administrative support to the Group Health Insurance Board under KRS 18A.226 and 18A.227. There are two divisions organized under the department: the Division of Insurance Administration and the Division of Financial and Data Services.

Policy

Included in the above Restricted Fund appropriation is \$2,691,200 in fiscal year 2013 and \$2,691,600 in fiscal year 2014 for debt service on bonds previously issued for the Kentucky Human Resources Information System (KHRIS). The Cabinet is authorized to collect a pro rata assessment from all state agencies and other organizations that will use the new personnel and payroll system. The Cabinet shall retain the funds in a Special Project Account, the balance of which will be transferred to the General Fund to cover the debt service payment.

Personnel
Public Employees Deferred Compensation Authority

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,177,900	3,798,200	3,600,900	3,798,100	3,774,500
Current Receipts	7,671,000	8,403,000	8,798,000	8,403,000	8,798,000
Non-Revenue Receipts	-62,500	-65,000	-67,500	-65,000	-67,500
Total Restricted Funds	12,786,400	12,136,200	12,331,400	12,136,100	12,505,000
TOTAL SOURCE OF FUNDS	12,786,400	12,136,200	12,331,400	12,136,100	12,505,000
EXPENDITURES BY CLASS					
Personnel Cost	8,530,000	8,087,400	8,624,700	7,912,800	8,424,000
Operating Expenses	447,900	446,600	451,000	447,500	451,900
Capital Outlay	10,400	1,300	1,300	1,300	1,300
TOTAL EXPENDITURES	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
TOTAL EXPENDITURES	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
EXPENDITURES BY UNIT					
Public Employees Deferred Compensation Authority	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
TOTAL EXPENDITURES	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200

The Kentucky Public Employees Deferred Compensation Authority administers tax sheltered, supplemental retirement savings programs as established in the U.S. Internal Revenue Code Sections 457, 401(k), Roth 401(k), and 403(b) and in accordance with KRS 18A.230-18A.350. These programs are an optional benefit for Kentucky's public employees.

**Personnel
Workers' Compensation Benefits and Reserve**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	11,411,800	9,487,400	7,696,400	9,487,400	3,430,500
Current Receipts	23,000,000	24,500,000	24,500,000	24,500,000	24,500,000
Non-Revenue Receipts	-62,500	-65,000	-67,500	-65,000	-67,500
Fund Transfers	-86,900			-4,300,000	
Total Restricted Funds	34,262,400	33,922,400	32,128,900	29,622,400	27,863,000
TOTAL SOURCE OF FUNDS	34,262,400	33,922,400	32,128,900	29,622,400	27,863,000
EXPENDITURES BY CLASS					
Personnel Cost	24,708,100	26,175,300	27,696,300	26,141,200	27,655,200
Operating Expenses	64,000	50,300	51,000	50,300	51,000
Capital Outlay	2,900	400	400	400	400
TOTAL EXPENDITURES	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
TOTAL EXPENDITURES	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
EXPENDITURES BY UNIT					
Workers' Compensation Benefits and Reserve	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
TOTAL EXPENDITURES	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self-insured Workers' Compensation program. The program provides coverage to the executive, legislative, and judicial branches of government, but excludes the Transportation Cabinet and all state universities except Murray State University. The program also covers the Kentucky Community and Technical College System, volunteer firefighters, volunteer ambulance personnel, and employees of some county clerk's or sheriff's offices when the county's population is 70,000 or more. Workers' Compensation includes a return-to-work program for injured employees, managed care, and a statewide safety program.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency and the number of covered employees. Claims history is calculated based upon a three year running average.

Personnel
State Salary and Compensation Fund

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	58,000,000			2,200,000	4,500,000
State Salary and Compensation Allocation	-47,959,200				
Mandated Expenditure Reductions	-4,240,800				
Other	-5,800,000				
Total General Fund				2,200,000	4,500,000
TOTAL SOURCE OF FUNDS				2,200,000	4,500,000
EXPENDITURES BY CLASS					
Personnel Cost				2,200,000	4,500,000
TOTAL EXPENDITURES				2,200,000	4,500,000
EXPENDITURES BY FUND SOURCE					
General Fund				2,200,000	4,500,000
TOTAL EXPENDITURES				2,200,000	4,500,000
EXPENDITURES BY UNIT					
State Salary Compensation Fund				2,200,000	4,500,000
TOTAL EXPENDITURES				2,200,000	4,500,000

The State Salary and Compensation Fund is a statewide pool to provide the additional funds necessary for state agencies to finance the salary and compensation policy for state employees.

Policy

Included in the General Fund appropriation is \$2,200,000 in fiscal year 2013 and \$4,500,000 in fiscal year 2014 to support the General Fund share of a two percent increase each plan year in the health insurance program.

Personnel
State Group Health Insurance Fund

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,740,900	1,520,100	1,520,100	1,457,800	1,457,800
Mandated Expenditure Reductions	-149,400				
Total General Fund	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL SOURCE OF FUNDS	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
EXPENDITURES BY CLASS					
Grants Loans Benefits	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL EXPENDITURES	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL EXPENDITURES	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
EXPENDITURES BY UNIT					
State Group Health Insurance Fund	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL EXPENDITURES	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800

The State Group Health Insurance Fund provides funding to support a dependent subsidy for quasi-governmental employers participating in the Kentucky Employees' Health Plan.

Policy

The Executive Budget provides General Fund support of \$1,457,800 in each year of the biennium to support a dependent subsidy for quasi-governmental employers participating in the State Group Health Insurance program. To participate in the fund, each quasi-government employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees. Only quasi-governmental employers that were participating in the group prior to the enactment of a dependent subsidy in the fall of 2004 are eligible to receive this funding.

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Postsecondary Education

Postsecondary Education

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,245,875,600	1,359,395,600	1,518,001,000	1,172,249,700	1,177,683,000
State Salary and Compensation Allocation	215,200				
Special Appropriation	-18,943,800				
Continuing Approp.-General Fund	7,841,200			794,300	
Mandated Expenditure Reductions	-1,829,700				
Total General Fund	1,233,158,500	1,359,395,600	1,518,001,000	1,173,044,000	1,177,683,000
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	5,987,600	5,417,700	5,317,700	5,047,800	4,887,800
Continuing Approp.-Tobacco Settlement	200				
Budget Reduction-General Fund Tobacco	-250,000				
Total Tobacco Settlement - Phase I	5,737,800	5,417,700	5,317,700	5,047,800	4,887,800
Restricted Funds					
Balance Forward	8,732,800	1,672,100	708,800	1,819,100	1,214,200
Current Receipts	4,106,096,100	4,503,910,900	4,677,421,900	4,503,918,300	4,677,464,400
Non-Revenue Receipts	11,698,100	13,240,000	13,070,000	15,333,800	15,963,400
Fund Transfers	-405,400				
Total Restricted Funds	4,126,121,600	4,518,823,000	4,691,200,700	4,521,071,200	4,694,642,000
Federal Funds					
Current Receipts	924,252,500	954,857,500	992,671,900	954,832,500	992,644,300
ARRA Receipts	5,000				
Total Federal Funds	924,257,500	954,857,500	992,671,900	954,832,500	992,644,300
TOTAL SOURCE OF FUNDS	6,289,275,400	6,838,493,800	7,207,191,300	6,653,995,500	6,869,857,100
EXPENDITURES BY CLASS					
Personnel Cost	2,902,489,500	3,147,836,000	3,251,753,500	3,086,902,900	3,176,826,500
Operating Expenses	2,029,923,200	2,234,814,800	2,334,080,200	2,174,047,700	2,262,169,600
Grants Loans Benefits	1,019,217,200	1,113,825,500	1,151,143,500	1,053,936,900	1,083,441,600
Debt Service	136,190,700	133,462,700	253,636,500	134,091,700	135,725,400
Capital Outlay	198,551,900	207,674,500	216,062,900	203,802,100	210,491,000
TOTAL EXPENDITURES	6,286,372,500	6,837,613,500	7,206,676,600	6,652,781,300	6,868,654,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,232,074,700	1,359,405,600	1,518,011,000	1,173,044,000	1,177,683,000
Tobacco Settlement - Phase I	5,737,800	5,417,700	5,317,700	5,047,800	4,887,800
Restricted Funds	4,124,302,500	4,517,942,700	4,690,686,000	4,519,857,000	4,693,439,000
Federal Funds	924,257,500	954,857,500	992,671,900	954,832,500	992,644,300
TOTAL EXPENDITURES	6,286,372,500	6,837,623,500	7,206,686,600	6,652,781,300	6,868,654,100
EXPENDITURES BY UNIT					
Council on Postsecondary Education	79,791,600	80,112,800	200,049,000	72,936,900	74,120,600
Kentucky Higher Education Assistance Authority	222,393,500	264,804,600	272,722,400	221,551,300	222,362,900
Postsecondary Education Institutions	5,984,187,400	6,492,706,100	6,733,915,200	6,358,293,100	6,572,170,600
TOTAL EXPENDITURES	6,286,372,500	6,837,623,500	7,206,686,600	6,652,781,300	6,868,654,100

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,627,700	51,370,300	171,630,900	44,339,600	45,820,000
State Salary and Compensation Allocation	215,200				
Continuing Approp.-General Fund	3,772,400				
Mandated Expenditure Reductions	-1,829,700				
Total General Fund	50,785,600	51,370,300	171,630,900	44,339,600	45,820,000
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	4,737,600	4,367,700	4,367,700	4,247,800	4,187,800
Budget Reduction-General Fund Tobacco	-250,000				
Total Tobacco Settlement - Phase I	4,487,600	4,367,700	4,367,700	4,247,800	4,187,800
Restricted Funds					
Balance Forward	886,200	201,800	35,500	201,800	35,500
Current Receipts	1,829,900	1,986,500	1,986,500	1,986,500	1,986,500
Non-Revenue Receipts	4,200,000	4,200,000	4,100,000	4,200,000	4,100,000
Fund Transfers	-258,400				
Total Restricted Funds	6,657,700	6,388,300	6,122,000	6,388,300	6,122,000
Federal Funds					
Current Receipts	18,352,000	18,022,000	18,022,000	17,996,700	17,993,800
Total Federal Funds	18,352,000	18,022,000	18,022,000	17,996,700	17,993,800
TOTAL SOURCE OF FUNDS	80,282,900	80,148,300	200,142,600	72,972,400	74,123,600
EXPENDITURES BY CLASS					
Personnel Cost	11,189,900	12,371,400	12,558,400	11,012,700	11,013,500
Operating Expenses	2,810,900	2,873,500	2,903,700	2,607,400	2,576,500
Grants Loans Benefits	65,750,800	64,827,900	64,818,900	58,647,800	58,603,600
Debt Service			119,728,000	629,000	1,887,000
Capital Outlay	40,000	40,000	40,000	40,000	40,000
TOTAL EXPENDITURES	79,791,600	80,112,800	200,049,000	72,936,900	74,120,600
EXPENDITURES BY FUND SOURCE					
General Fund	50,496,100	51,370,300	171,630,900	44,339,600	45,820,000
Tobacco Settlement - Phase I	4,487,600	4,367,700	4,367,700	4,247,800	4,187,800
Restricted Funds	6,455,900	6,352,800	6,028,400	6,352,800	6,119,000
Federal Funds	18,352,000	18,022,000	18,022,000	17,996,700	17,993,800
TOTAL EXPENDITURES	79,791,600	80,112,800	200,049,000	72,936,900	74,120,600
EXPENDITURES BY UNIT					
Agency Operations	7,853,200	8,863,900	9,044,900	7,361,400	7,298,000
Pass Through Programs	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900
Federal Programs	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
Strategic Investment and Incentive Funding Program	55,901,900	55,309,200	174,940,700	49,904,900	51,102,900
TOTAL EXPENDITURES	79,791,600	80,112,800	200,049,000	72,936,900	74,120,600

The Council on Postsecondary Education co-ordinates public postsecondary education, bringing a statewide perspective to budget and policy issues and planning. The Council both guides the system and serves as an advocate for the postsecondary education sector of the state's education enterprise. The Council licenses private non-profit and proprietary degree-granting institutions and operates Kentucky's adult education system, bringing all of Kentucky's postsecondary and adult education providers under a single authority.

In KRS 164.003(2) are six goals for the state's postsecondary education system:

- A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- A major comprehensive research institution ranked nationally in the top 20 public universities at the University of

Kentucky.

- A premier, nationally-recognized metropolitan research university at the University of Louisville.
- Regional universities, with at least one nationally-recognized program of distinction or one nationally-recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.
- A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.
- An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

The Council's statutory responsibilities include:

- development of a strategic plan for an efficient and effective system of postsecondary education that provides statewide access without unnecessary competition and duplication, recognizing both public and independent institutions;
- implementation of the strategic plan through public accountability, including reporting and evaluation of institutional performance;
- approval of the creation, modification, and elimination of programs and degrees and transferability of credits earned;
- approval of tuition rates and admission requirements;
- approval of capital projects and real property acquisitions by institutions;
- training and orientation of new members of institutional governing boards;
- liaison between postsecondary education institutions and the Kentucky Department of Education, the Education Professional Standards Board, the Education and Workforce Development Cabinet, and the Cabinet for Economic Development;
- operation of the Kentucky Virtual High School and the Kentucky Virtual Library;
- coordination and acquisition of technology resources for broadest access and cost efficiency;
- collection of data and research and analysis concerning the overall needs of postsecondary and adult education;
- administration of the statewide adult education and literacy program; and
- assistance in the development of the postsecondary institutions' biennial budget requests and recommendations concerning operating and capital appropriations to the Governor and the General Assembly.

**Postsecondary Education
Council on Postsecondary Education
Agency Operations**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,664,300	8,221,100	8,626,500	6,718,600	6,789,000
State Salary and Compensation Allocation	215,200				
Mandated Expenditure Reductions	-402,300				
Total General Fund	7,477,200	8,221,100	8,626,500	6,718,600	6,789,000
Restricted Funds					
Balance Forward	488,500	201,800	34,000	201,800	34,000
Current Receipts	475,000	475,000	475,000	475,000	475,000
Fund Transfers	-96,200				
Total Restricted Funds	867,300	676,800	509,000	676,800	509,000
TOTAL SOURCE OF FUNDS	8,344,500	8,897,900	9,135,500	7,395,400	7,298,000
EXPENDITURES BY CLASS					
Personnel Cost	6,495,600	7,426,300	7,577,100	6,189,900	6,157,400
Operating Expenses	1,357,600	1,437,600	1,467,800	1,171,500	1,140,600
TOTAL EXPENDITURES	7,853,200	8,863,900	9,044,900	7,361,400	7,298,000
EXPENDITURES BY FUND SOURCE					
General Fund	7,187,700	8,221,100	8,626,500	6,718,600	6,789,000
Restricted Funds	665,500	642,800	418,400	642,800	509,000
TOTAL EXPENDITURES	7,853,200	8,863,900	9,044,900	7,361,400	7,298,000

Agency Operations include all of the staff and operating expenses necessary to manage the agency and programs of the Council except those funded with Federal grants. Activities of the professional staff include review of academic programs, admission standards, tuition rates, credit transfer procedures, adult education, technology resources and on-line learning; funding for science and technology initiatives; minority outreach; research and data analysis; and licensing of private postsecondary educational institutions. Also included in this budget are the business functions of the agency such as human resources, communications, budget, accounting, and purchasing, as well as board relations.

**Postsecondary Education
Council on Postsecondary Education
Pass Through Programs**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,718,400	6,029,700	6,253,400	5,785,900	5,937,900
Mandated Expenditure Reductions	-33,000				
Total General Fund	5,685,400	6,029,700	6,253,400	5,785,900	5,937,900
Restricted Funds					
Balance Forward	197,200				
Current Receipts	10,000	10,000	10,000	10,000	10,000
Non-Revenue Receipts	4,200,000	4,200,000	4,100,000	4,200,000	4,100,000
Fund Transfers	-86,100				
Total Restricted Funds	4,321,100	4,210,000	4,110,000	4,210,000	4,110,000
TOTAL SOURCE OF FUNDS	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900
EXPENDITURES BY CLASS					
Operating Expenses	5,000				
Grants Loans Benefits	10,001,500	10,239,700	10,363,400	9,995,900	10,047,900
TOTAL EXPENDITURES	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900
EXPENDITURES BY FUND SOURCE					
General Fund	5,685,400	6,029,700	6,253,400	5,785,900	5,937,900
Restricted Funds	4,321,100	4,210,000	4,110,000	4,210,000	4,110,000
TOTAL EXPENDITURES	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900
EXPENDITURES BY UNIT					
Contract Spaces	4,886,700	5,049,600	5,254,800	5,049,600	5,201,600
Professional Education Preparation Program	290,200	302,100	309,600	267,500	267,500
Minority Student College Prep Program	202,700	211,000	216,200	186,900	186,900
State Autism Training Center	144,900	150,900	154,600	133,600	133,600
SREB Doctoral Scholars Program	78,300	230,100	230,100	72,200	72,200
Pass Through - Other	82,600	86,000	88,100	76,100	76,100
Cancer Research Instns Mtchg Fd	4,321,100	4,210,000	4,110,000	4,210,000	4,110,000
TOTAL EXPENDITURES	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900

Funds are appropriated to the Council on Postsecondary Education and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations.

The **Contract Spaces Program** provides Kentucky students with access to professional programs in veterinary medicine and optometry through contracts administered by the Southern Regional Education Board and Indiana University. In veterinary medicine, Kentucky contracts for spaces at Auburn University and Tuskegee Institute. For optometry students spaces are available at the Southern College of Optometry, University of Alabama, and Indiana University. Contract fees guarantee a fixed number of spaces in these academic programs for qualified Kentucky residents. Enrolled students are required to pay only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution.

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program is funded by a one cent per pack cigarette surtax, and the two research institutions - UK and U of L - provide a dollar for dollar match from external sources.

The **Professional Education Preparation Program (PEPP)** was established in 1980 pursuant to KRS 164.028 through 164.0282. The program assists students and prospective students from rural and inner-city areas experiencing medical and dental workforce shortages to gain admission to and graduate from medical and dental school. All funds appropriated to the Council for the PEPP program are allocated to the University of Kentucky, the University of Louisville, and the University of Pikeville to conduct pre-freshman workshops, undergraduate workshops, student assessment conferences, and MCAT/DAT test assistance with tutoring and summer job placement.

The **Governor's Minority Student College Preparation Program** was established in 1986 to provide academic enrichment activities for middle school students, encourage them to stay in school and to enter college, to make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option, and

to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,100 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals to deliver services to children diagnosed with autism spectrum disorders.

The **Southern Regional Education Board Doctoral Scholars Program** supports and encourages minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states. Kentucky has 35 students currently in the program, 20 at U of L and 15 at UK. Of the 60 students who have already graduated, 23 are currently employed in Kentucky.

The **Washington Internship Program** provides scholarships for students who spend a semester in Washington, DC in work-study programs in international relations, journalism, law, medicine, public relations, business, the arts, science and technology, education or counseling.

Policy

The Governor's recommended budget includes additional General Fund of \$162,900 in fiscal year 2013 and \$314,900 in fiscal year 2014 in the Contract Spaces program for increased costs due to changes in tuition rates at out-of-state institutions.

**Postsecondary Education
Council on Postsecondary Education
Federal Programs**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
Total Federal Funds	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
TOTAL SOURCE OF FUNDS	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
EXPENDITURES BY CLASS					
Personnel Cost	1,663,600	1,823,600	1,859,800	1,798,300	1,831,600
Operating Expenses	126,000	126,000	126,000	126,000	126,000
Grants Loans Benefits	4,240,400	3,750,400	3,714,200	3,750,400	3,714,200
TOTAL EXPENDITURES	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
EXPENDITURES BY FUND SOURCE					
Federal Funds	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
TOTAL EXPENDITURES	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800

The Council on Postsecondary Education administers two federal programs (exclusive of the Adult Education related grants): Improving Educator Quality State Grant Program and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Kentucky.

The Improving Educator Quality State Grant program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

The Gaining Early Awareness and Readiness program is a federal initiative that encourages young people to stay in school, study hard and take courses that prepare them to succeed in college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. GEAR UP state grants stress early intervention and provide scholarships. Each grant dollar must be matched through a combination of state, local, and private funds.

**Postsecondary Education
Council on Postsecondary Education
Strategic Investment and Incentive Funding Program**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	35,245,000	37,119,500	156,751,000	31,835,100	33,093,100
Continuing Approp.-General Fund	3,772,400				
Mandated Expenditure Reductions	-1,394,400				
Total General Fund	37,623,000	37,119,500	156,751,000	31,835,100	33,093,100
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	4,737,600	4,367,700	4,367,700	4,247,800	4,187,800
Budget Reduction-General Fund Tobacco	-250,000				
Total Tobacco Settlement - Phase I	4,487,600	4,367,700	4,367,700	4,247,800	4,187,800
Restricted Funds					
Balance Forward	200,500		1,500		1,500
Current Receipts	1,344,900	1,501,500	1,501,500	1,501,500	1,501,500
Fund Transfers	-76,100				
Total Restricted Funds	1,469,300	1,501,500	1,503,000	1,501,500	1,503,000
Federal Funds					
Current Receipts	12,322,000	12,322,000	12,322,000	12,322,000	12,322,000
Total Federal Funds	12,322,000	12,322,000	12,322,000	12,322,000	12,322,000
TOTAL SOURCE OF FUNDS	55,901,900	55,310,700	174,943,700	49,906,400	51,105,900
EXPENDITURES BY CLASS					
Personnel Cost	3,030,700	3,121,500	3,121,500	3,024,500	3,024,500
Operating Expenses	1,322,300	1,309,900	1,309,900	1,309,900	1,309,900
Grants Loans Benefits	51,508,900	50,837,800	50,741,300	44,901,500	44,841,500
Debt Service			119,728,000	629,000	1,887,000
Capital Outlay	40,000	40,000	40,000	40,000	40,000
TOTAL EXPENDITURES	55,901,900	55,309,200	174,940,700	49,904,900	51,102,900
EXPENDITURES BY FUND SOURCE					
General Fund	37,623,000	37,119,500	156,751,000	31,835,100	33,093,100
Tobacco Settlement - Phase I	4,487,600	4,367,700	4,367,700	4,247,800	4,187,800
Restricted Funds	1,469,300	1,500,000	1,500,000	1,500,000	1,500,000
Federal Funds	12,322,000	12,322,000	12,322,000	12,322,000	12,322,000
TOTAL EXPENDITURES	55,901,900	55,309,200	174,940,700	49,904,900	51,102,900
EXPENDITURES BY UNIT					
Research Challenge Trust Fund	4,487,600	4,367,700	11,410,700	4,247,800	4,187,800
Regional University Excellence Trust Fund			1,083,000		
Technology Initiative Trust Fund	6,163,900	6,558,000	17,806,100	5,829,300	5,829,300
Physical Facilities Trust Fund			100,604,000	629,000	1,887,000
Adult Education and Literacy Funding Program	37,300,800	34,727,500	35,530,000	31,870,600	31,870,600
Science and Technology Funding Program	6,258,900	6,516,800	6,676,900	5,769,700	5,769,700
Special Initiatives Funding Program	1,690,700	3,139,200	1,830,000	1,558,500	1,558,500
TOTAL EXPENDITURES	55,901,900	55,309,200	174,940,700	49,904,900	51,102,900

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for the Research Challenge Trust Fund and the Technology Initiative Trust Fund, as well as three programs established by the Council through the budget process: the Adult Education and Literacy Funding Program, the Science and Technology Funding Program, and the Special Initiatives Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to accomplish the goals established in KRS 164.003(2).

Adult Education and Literacy Funding Program

Adult Education and Literacy aims to improve the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations. Every Kentucky county has a comprehensive adult education provider that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. By statute, funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Research Challenge Trust Fund

Tobacco Settlement - Phase I funds support competitive grants to researchers at the Brown Cancer Center at U of L and the Markey Cancer at UK. Funds are granted by the lung cancer research governance board established in KRS 164.476 to fund research into the causes, detection and treatment of lung cancer.

Science and Technology Funding Program

The Science and Technology Funding program supports the initiatives established by the Kentucky Innovation Act in KRS 164.6011 through 164.6043. The **Research and Development Voucher** program assists small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth. The **Commercialization Fund** provides development funds for promising technologies developed at the universities in the Commonwealth. The **Rural Innovation** program provides funding to Kentucky-based companies with fewer than 150 employees. Recipient companies contract with an accredited postsecondary institution. The **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978, leverages state matching funds to bring additional federal research dollars to Kentucky. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, modeled on the National Science Foundation, makes investments in peer-reviewed science and engineering research. The **Knowledge-Based Economy Academic Program** supports postsecondary education programs in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

Special Initiatives Funding Program

The Council on Postsecondary Education allocates funds to institutions for activities that support the goals of Senate Bill 1 in the 2009 session of the General Assembly. These include professional development of faculty and revision of the pedagogic curriculum and assessment standards of colleges of education.

Technology Initiative Trust Fund

This program includes funding for the Kentucky Postsecondary Education Network (KPEN), the Kentucky Virtual Campus and Virtual Library, the College Level Learning Assessment, the College Access Initiative, and faculty development activities that improve teaching and develop best practices, particularly for distance learning situations.

Policy

The Governor's recommended budget includes additional General Fund of \$629,000 in fiscal year 2013 and \$1,887,000 in fiscal year 2014 for debt service on \$25,000,000 in new bonds for the Asset Preservation/Renovation Pool for projects that renew, maintain and extend the useful life of existing capital assets. The Council on Postsecondary Education will determine the allocation of the funds to the postsecondary institutions based on previously identified needs and matching requirements. General Fund investment at postsecondary institutions has generally funded new construction. This will be the largest allocation of state bonds for asset preservation purposes since the 2000-2002 biennium (HB 502).

**Postsecondary Education
Kentucky Higher Education Assistance Authority**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	190,517,100	235,456,200	243,310,800	189,494,000	190,288,300
Continuing Approp.-General Fund	4,068,800			794,300	
Total General Fund	194,585,900	235,456,200	243,310,800	190,288,300	190,288,300
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	1,000,000	800,000	700,000	800,000	700,000
Continuing Approp.-Tobacco Settlement	200				
Total Tobacco Settlement - Phase I	1,000,200	800,000	700,000	800,000	700,000
Restricted Funds					
Balance Forward	7,846,600	1,470,300	673,300	1,617,300	1,178,700
Current Receipts	11,672,300	16,867,900	17,474,400	16,875,300	17,489,300
Non-Revenue Receipts	7,498,100	9,040,000	8,970,000	11,133,800	11,863,400
Fund Transfers	-147,000				
Total Restricted Funds	26,870,000	27,378,200	27,117,700	29,626,400	30,531,400
Federal Funds					
Current Receipts	2,349,000	2,015,000	2,015,000	2,015,300	2,015,600
Total Federal Funds	2,349,000	2,015,000	2,015,000	2,015,300	2,015,600
TOTAL SOURCE OF FUNDS	224,805,100	265,649,400	273,143,500	222,730,000	223,535,300
EXPENDITURES BY CLASS					
Personnel Cost	15,492,900	15,624,600	15,871,200	15,445,400	15,640,800
Operating Expenses	2,143,800	2,147,600	2,147,600	2,147,600	2,147,600
Grants Loans Benefits	203,439,100	245,714,700	253,385,900	202,640,600	203,256,800
Debt Service	744,700	744,700	744,700	744,700	744,700
Capital Outlay	573,000	573,000	573,000	573,000	573,000
TOTAL EXPENDITURES	222,393,500	264,804,600	272,722,400	221,551,300	222,362,900
EXPENDITURES BY FUND SOURCE					
General Fund	193,791,600	235,456,200	243,310,800	190,288,300	190,288,300
Tobacco Settlement - Phase I	1,000,200	800,000	700,000	800,000	700,000
Restricted Funds	25,252,700	26,533,400	26,696,600	28,447,700	29,359,000
Federal Funds	2,349,000	2,015,000	2,015,000	2,015,300	2,015,600
TOTAL EXPENDITURES	222,393,500	264,804,600	272,722,400	221,551,300	222,362,900
EXPENDITURES BY UNIT					
General Administration and Support	18,486,000	18,639,900	18,886,500	18,460,700	18,656,100
College Access Program	60,586,200	93,432,500	98,147,500	58,861,500	58,861,500
Work Study Program	660,600	828,800	828,800	600,000	600,000
Kentucky Tuition Grant	32,479,300	42,617,500	43,302,500	31,752,100	31,752,100
Teacher Scholarships	2,065,000	1,872,800	1,802,800	1,872,800	1,802,800
Ky National Guard Tuition	4,936,000			4,898,100	4,898,100
Osteopathic Medicine Scholarship	872,500	1,074,000	1,294,500	872,500	872,500
Ky Educational Excellence Scholarships	98,215,300	101,673,700	102,473,300	101,673,700	102,473,300
Early Childhood Development Scholarships	1,225,100	1,066,800	1,053,400	866,800	753,400
Kentucky's Affordable Prepaid Tuition (KAPT)	468,400	450,000	450,000	450,000	450,000
Pharmacy Scholarship Program	1,000,000	1,905,500	3,240,000		
Other Programs	1,399,100	1,243,100	1,243,100	1,243,100	1,243,100
TOTAL EXPENDITURES	222,393,500	264,804,600	272,722,400	221,551,300	222,362,900

The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career

objectives as provided under KRS 164.740 - 164.785.

KHEAA administers state grants, scholarships, work study and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates college planning and financial aid information.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

The College Access Program awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 26 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The Kentucky Educational Excellence Scholarships (KEES) program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score attained by their high school graduation date. The scholarships can be used to pay the expenses of each year of college or technical training.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who attend the University of Pikeville College of Osteopathic Medicine. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Coal County Pharmacy Scholarship Program provides tuition equalization awards to eligible students who attend Midway College School of Pharmacy in Paintsville. Recipients must agree to provide pharmacy services in a coal-producing county of Kentucky for one year for each year they receive the scholarship.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Mary Jo Young Scholarship Fund provides assistance to low-income high school students taking Advance Placement and dual enrollment classes. The program is supported by earnings from audit activities under the Federal Student Aid program.

The Drive the Dream Scholarship, funded with restricted funds, provides assistance to low-income high schools students who participate in the Council on Postsecondary Education's GEAR UP program.

The John R. Justice program, supported by a Federal grant, provides student loan repayment assistance for public defenders and prosecutors who commit to continued employment for at least three years after graduation from law school.

Policy

Included in the Executive Budget for the College Access Program (CAP) is \$58,861,500 in each fiscal year of the biennium.

Included in the Executive Budget for the Kentucky Tuition Grant program is \$31,752,100 in each fiscal year.

The KEES program funding is \$101,673,700 in fiscal year 2013 and \$102,473,300 in fiscal year 2014.

Included in the Executive Budget for the Teacher Scholarship Program is \$1,872,800 in fiscal year 2013 and \$1,802,800 in fiscal year 2014.

The Executive Budget includes \$4,898,100 in each fiscal year for the National Guard Tuition Assistance program.

Included in the recommended General Fund appropriation for the Osteopathic Medicine Scholarship Program is \$872,500 in each fiscal year from coal severance tax revenues.

The Early Childhood Development Scholarship program is funded with \$866,800 in fiscal year 2013 and \$753,400 in fiscal year 2014 from Tobacco Settlement funds and other resources.

The Work Study program is funded with \$600,000 each year from the General Fund.

Postsecondary Education
Postsecondary Education Institutions

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,006,730,800	1,072,569,100	1,103,059,300	938,416,100	941,574,700
Special Appropriation	-18,943,800				
Total General Fund	987,787,000	1,072,569,100	1,103,059,300	938,416,100	941,574,700
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Total Tobacco Settlement - Phase I	250,000	250,000	250,000		
Restricted Funds					
Current Receipts	4,092,593,900	4,485,056,500	4,657,961,000	4,485,056,500	4,657,988,600
Total Restricted Funds	4,092,593,900	4,485,056,500	4,657,961,000	4,485,056,500	4,657,988,600
Federal Funds					
Current Receipts	903,551,500	934,820,500	972,634,900	934,820,500	972,634,900
ARRA Receipts	5,000				
Total Federal Funds	903,556,500	934,820,500	972,634,900	934,820,500	972,634,900
TOTAL SOURCE OF FUNDS	5,984,187,400	6,492,696,100	6,733,905,200	6,358,293,100	6,572,198,200
EXPENDITURES BY CLASS					
Personnel Cost	2,875,806,700	3,119,840,000	3,223,323,900	3,060,444,800	3,150,172,200
Operating Expenses	2,024,968,500	2,229,793,700	2,329,028,900	2,169,292,700	2,257,445,500
Grants Loans Benefits	750,027,300	803,282,900	832,938,700	792,648,500	821,581,200
Debt Service	135,446,000	132,718,000	133,163,800	132,718,000	133,093,700
Capital Outlay	197,938,900	207,061,500	215,449,900	203,189,100	209,878,000
TOTAL EXPENDITURES	5,984,187,400	6,492,696,100	6,733,905,200	6,358,293,100	6,572,170,600
EXPENDITURES BY FUND SOURCE					
General Fund	987,787,000	1,072,579,100	1,103,069,300	938,416,100	941,574,700
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Restricted Funds	4,092,593,900	4,485,056,500	4,657,961,000	4,485,056,500	4,657,961,000
Federal Funds	903,556,500	934,820,500	972,634,900	934,820,500	972,634,900
TOTAL EXPENDITURES	5,984,187,400	6,492,706,100	6,733,915,200	6,358,293,100	6,572,170,600
EXPENDITURES BY UNIT					
Eastern Kentucky University	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600
Kentucky State University	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800
Morehead State University	226,080,200	235,363,000	244,040,800	228,736,000	236,291,300
Murray State University	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300
Northern Kentucky University	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300
University of Kentucky	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300
University of Louisville	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800
Western Kentucky University	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800
Kentucky Community and Technical College System	903,161,700	974,467,400	1,013,296,000	942,016,700	974,300,400
TOTAL EXPENDITURES	5,984,187,400	6,492,706,100	6,733,915,200	6,358,293,100	6,572,170,600

**Postsecondary Education
Postsecondary Education Institutions
Eastern Kentucky University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,221,000	77,217,100	79,322,100	67,673,700	67,673,700
Special Appropriation	-1,398,000				
Total General Fund	70,823,000	77,217,100	79,322,100	67,673,700	67,673,700
Restricted Funds					
Current Receipts	164,585,800	171,562,700	178,873,000	171,562,700	178,873,000
Total Restricted Funds	164,585,800	171,562,700	178,873,000	171,562,700	178,873,000
Federal Funds					
Current Receipts	95,266,800	104,793,500	115,272,900	104,793,500	115,272,900
Total Federal Funds	95,266,800	104,793,500	115,272,900	104,793,500	115,272,900
TOTAL SOURCE OF FUNDS	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600
EXPENDITURES BY CLASS					
Personnel Cost	165,820,000	175,297,000	184,217,800	172,434,200	181,355,000
Operating Expenses	114,661,800	125,365,300	133,638,700	119,314,500	125,482,900
Grants Loans Benefits	42,198,000	44,482,400	46,752,600	43,881,100	46,151,300
Debt Service	5,995,800	6,320,400	6,643,000	6,320,400	6,643,000
Capital Outlay	2,000,000	2,108,200	2,215,900	2,079,700	2,187,400
TOTAL EXPENDITURES	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600
EXPENDITURES BY FUND SOURCE					
General Fund	70,823,000	77,217,100	79,322,100	67,673,700	67,673,700
Restricted Funds	164,585,800	171,562,700	178,873,000	171,562,700	178,873,000
Federal Funds	95,266,800	104,793,500	115,272,900	104,793,500	115,272,900
TOTAL EXPENDITURES	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600
EXPENDITURES BY UNIT					
Instruction	90,762,100	94,237,400	97,380,600	88,592,000	89,630,200
Research	3,159,900	3,455,200	3,779,100	3,455,200	3,779,100
Public Service	44,310,300	48,535,000	53,174,100	48,535,000	53,174,100
Libraries	3,575,500	3,730,000	3,892,200	3,730,000	3,892,200
Academic Support	19,871,700	20,734,700	21,640,900	20,734,700	21,640,900
Student Services	19,066,100	19,922,700	20,824,700	19,922,700	20,824,700
Institutional Support	2,983,800	3,146,100	3,319,300	3,146,100	3,319,300
Operation and Maintenance of Plant	31,376,600	59,405,400	61,850,800	55,507,400	57,952,800
Scholarships and Fellowships	67,966,800	73,513,700	79,567,300	73,513,700	79,567,300
Mandatory Transfers	15,807,600				
Non-Mandatory Transfers	5,995,800				
Auxilliary Enterprises	25,799,400	26,893,100	28,039,000	26,893,100	28,039,000
TOTAL EXPENDITURES	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600

Eastern Kentucky University (EKU), located in Richmond, Kentucky, was established by the General Assembly in 1906 as a school for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College and authorized the school to confer academic degrees. In 1930 the name was changed to Eastern Kentucky State Teachers College, then to Eastern Kentucky State College in 1948, and finally to Eastern Kentucky University in 1966. The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, one student member elected by the students, and one staff member elected by the staff. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Eastern Kentucky University's goal, mandated by statute, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, EKU's programs have a strong liberal arts and sciences undergraduate core that prepares students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may

offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Eastern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in justice and safety. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Eastern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Eastern Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on survey research, program evaluation, technology, teacher and health care professional preparation, homeland security, entrepreneurship and natural areas using resources such as the Lilley Cornett Woods program. The university collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization, high quality workforce, justice and safety and homeland security. It also provides and coordinates education services to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Kentucky State University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	25,146,800	26,886,200	27,832,600	23,537,400	23,537,400
Special Appropriation	-486,800				
Total General Fund	24,660,000	26,886,200	27,832,600	23,537,400	23,537,400
Restricted Funds					
Current Receipts	33,815,600	34,439,500	35,605,700	34,439,500	35,605,700
Total Restricted Funds	33,815,600	34,439,500	35,605,700	34,439,500	35,605,700
Federal Funds					
Current Receipts	24,444,700	24,444,700	24,444,700	24,444,700	24,444,700
Total Federal Funds	24,444,700	24,444,700	24,444,700	24,444,700	24,444,700
TOTAL SOURCE OF FUNDS	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800
EXPENDITURES BY CLASS					
Personnel Cost	43,431,200	44,445,800	45,311,800	42,928,700	43,269,900
Operating Expenses	18,733,200	20,243,700	21,115,300	18,815,800	19,265,800
Grants Loans Benefits	14,460,400	14,535,400	14,660,400	14,257,000	14,382,000
Capital Outlay	6,295,500	6,545,500	6,795,500	6,420,100	6,670,100
TOTAL EXPENDITURES	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800
EXPENDITURES BY FUND SOURCE					
General Fund	24,660,000	26,886,200	27,832,600	23,537,400	23,537,400
Restricted Funds	33,815,600	34,439,500	35,605,700	34,439,500	35,605,700
Federal Funds	24,444,700	24,444,700	24,444,700	24,444,700	24,444,700
TOTAL EXPENDITURES	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800
EXPENDITURES BY UNIT					
Instruction	13,832,300	14,318,100	14,809,300	13,903,500	14,394,700
Research	4,673,800	4,868,000	5,072,200	4,656,600	4,656,600
Public Service	10,248,100	10,248,000	10,248,000	10,153,300	10,153,300
Academic Support	5,184,900	6,209,900	6,459,900	5,345,600	5,595,600
Student Services	7,571,000	7,871,100	8,683,600	7,671,100	7,971,100
Institutional Support	15,702,300	15,702,200	15,702,200	15,264,000	15,264,000
Operation and Maintenance of Plant	6,495,500	7,265,800	7,495,500	6,288,000	6,288,000
Scholarships and Fellowships	13,907,000	13,981,900	14,106,900	13,834,100	13,959,100
Auxilliary Enterprises	5,305,400	5,305,400	5,305,400	5,305,400	5,305,400
TOTAL EXPENDITURES	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800

Kentucky State College was established in 1886 by an act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land grant institution. A tripartite mission was instituted: teaching, research, and public service. The General Assembly elevated the college to university status effective July 1, 1973. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth consisting of eight citizen members appointed by the Governor. Student, faculty and staff representatives also serve on the Board, each elected by their respective peers. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Kentucky State University's statutorily-mandated goal is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, KSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a targeted array of baccalaureate, masters and specialist programs with special attention to its mission as a land grant institution and Kentucky's historically black university. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Kentucky State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in aquaculture and aquatic sciences. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Kentucky State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Kentucky State University's priorities for action are applied research and scholarly activities that support the primary function of instruction, supplement the university's commitment to land grant and agriculture-related programs, and improve economic and community development, with an emphasis on the development of alternative species and the nutrition, reproductive physiology, genetics and economics of aquaculture. KSU collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides and coordinates education services to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Morehead State University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	44,363,000	48,181,500	49,299,700	41,564,500	41,560,200
Special Appropriation	-848,200				
Total General Fund	43,514,800	48,181,500	49,299,700	41,564,500	41,560,200
Restricted Funds					
Current Receipts	91,985,200	95,911,000	101,100,800	95,911,000	101,100,800
Total Restricted Funds	91,985,200	95,911,000	101,100,800	95,911,000	101,100,800
Federal Funds					
Current Receipts	90,575,200	91,260,500	93,630,300	91,260,500	93,630,300
ARRA Receipts	5,000				
Total Federal Funds	90,580,200	91,260,500	93,630,300	91,260,500	93,630,300
TOTAL SOURCE OF FUNDS	226,080,200	235,353,000	244,030,800	228,736,000	236,291,300
EXPENDITURES BY CLASS					
Personnel Cost	89,152,100	93,073,700	97,761,300	91,259,300	95,082,500
Operating Expenses	31,758,000	33,351,900	33,616,700	29,831,300	29,838,000
Grants Loans Benefits	86,328,200	90,066,500	93,765,200	88,948,100	92,646,800
Debt Service	5,676,600	5,682,600	5,678,300	5,682,600	5,678,300
Capital Outlay	13,165,300	13,178,300	13,209,300	13,014,700	13,045,700
TOTAL EXPENDITURES	226,080,200	235,353,000	244,030,800	228,736,000	236,291,300
EXPENDITURES BY FUND SOURCE					
General Fund	43,514,800	48,191,500	49,309,700	41,564,500	41,560,200
Restricted Funds	91,985,200	95,911,000	101,100,800	95,911,000	101,100,800
Federal Funds	90,580,200	91,260,500	93,630,300	91,260,500	93,630,300
TOTAL EXPENDITURES	226,080,200	235,363,000	244,040,800	228,736,000	236,291,300
EXPENDITURES BY UNIT					
Instruction	46,877,700	48,051,900	49,769,500	46,722,000	48,191,500
Research	3,844,300	3,410,000	2,791,600	3,401,800	2,783,400
Public Service	6,833,800	5,956,300	5,883,900	5,917,100	5,844,700
Libraries	3,179,800	3,304,900	3,440,900	3,238,800	3,374,800
Academic Support	13,468,400	14,098,900	15,198,100	13,432,600	13,787,400
Student Services	15,238,400	15,372,600	15,965,400	15,105,200	15,568,000
Institutional Support	14,450,600	14,896,400	15,488,400	14,608,600	15,200,600
Operation and Maintenance of Plant	9,437,300	12,743,200	13,146,600	9,612,800	10,016,200
Scholarships and Fellowships	86,328,200	90,066,500	93,765,200	89,783,800	93,482,500
Mandatory Transfers	3,108,600	3,230,900	3,363,800	3,166,300	3,299,200
Non-Mandatory Transfers	8,047,000	8,364,000	8,707,800	8,196,800	8,540,600
Auxilliary Enterprises	15,266,100	15,867,400	16,519,600	15,550,200	16,202,400
TOTAL EXPENDITURES	226,080,200	235,363,000	244,040,800	228,736,000	236,291,300

Morehead State University (MoSU), located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly as Morehead State Normal School. In 1926 it became Morehead State Normal School and Teachers College, followed by other changes until the current name was adopted in 1966. Governance of the University is vested in the Board of Regents, a body corporate and an educational institution and agency of the Commonwealth. The Board consists of eight citizen members appointed by the Governor as well as a student, a faculty member and a staff member elected by their peers. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky. The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but over the years has expanded its facilities and curriculum to serve as a general regional institution of higher learning.

Morehead State University's goal, mandated by statute, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MoSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to protecting, preserving, and improving the unique heritage of the Appalachian region. It may offer programs beyond the master's degree to meet the requirements for teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs to meet community needs in consultation with KCTCS.

Morehead State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Institute for Regional Analysis and Public Policy, and the Space Science Center. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Morehead State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes first-generation and low-income students from the Appalachian region. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Morehead State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship, teacher education, space-related science and technology, visual and performing arts, and regional public policy. As such, Morehead collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. Morehead State University also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Murray State University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,288,200	52,950,300	54,402,800	48,005,800	48,005,800
Special Appropriation	-992,800				
Total General Fund	50,295,400	52,950,300	54,402,800	48,005,800	48,005,800
Restricted Funds					
Current Receipts	97,352,300	105,181,000	112,603,700	105,181,000	112,603,700
Total Restricted Funds	97,352,300	105,181,000	112,603,700	105,181,000	112,603,700
Federal Funds					
Current Receipts	18,708,800	18,708,800	18,708,800	18,708,800	18,708,800
Total Federal Funds	18,708,800	18,708,800	18,708,800	18,708,800	18,708,800
TOTAL SOURCE OF FUNDS	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300
EXPENDITURES BY CLASS					
Personnel Cost	105,366,900	108,612,900	112,747,700	105,954,200	109,526,700
Operating Expenses	42,494,000	45,675,400	48,892,200	43,951,200	46,713,900
Grants Loans Benefits	12,548,900	14,818,500	15,483,000	14,349,100	14,790,500
Debt Service	3,856,300	4,052,300	4,711,400	4,052,300	4,641,300
Capital Outlay	2,090,400	3,681,000	3,881,000	3,588,800	3,645,900
TOTAL EXPENDITURES	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300
EXPENDITURES BY FUND SOURCE					
General Fund	50,295,400	52,950,300	54,402,800	48,005,800	48,005,800
Restricted Funds	97,352,300	105,181,000	112,603,700	105,181,000	112,603,700
Federal Funds	18,708,800	18,708,800	18,708,800	18,708,800	18,708,800
TOTAL EXPENDITURES	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300
EXPENDITURES BY UNIT					
Instruction	58,859,100	62,392,300	63,982,400	60,166,700	60,757,400
Research	3,096,800	3,206,000	3,177,600	3,206,000	3,177,600
Public Service	7,997,200	8,417,500	8,490,700	8,299,500	8,372,700
Libraries	3,709,400	3,941,700	4,265,200	3,860,800	4,184,300
Academic Support	7,227,100	7,690,600	8,022,200	7,386,100	7,717,700
Student Services	15,723,900	16,708,500	17,422,300	16,365,700	16,626,400
Institutional Support	19,268,600	20,450,900	20,807,000	20,030,800	20,386,900
Operation and Maintenance of Plant	18,257,500	19,357,600	19,674,200	18,197,000	18,513,600
Scholarships and Fellowships	8,470,700	10,747,200	11,221,800	10,531,300	11,005,900
Mandatory Transfers	4,289,900	4,052,300	4,711,400	4,052,300	4,711,400
Non-Mandatory Transfers	2,912,900	113,600	113,600	37,500	37,500
Auxilliary Enterprises	16,543,400	19,761,900	23,826,900	19,761,900	23,826,900
TOTAL EXPENDITURES	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300

Murray State University (MuSU), located in Murray, Kentucky, was established in 1922 as Murray Normal School by the General Assembly, which changed its name to Murray State University in 1966. The University's main campus is a 232-acre site, and two agricultural farms totaling 351 acres lie within one mile of the campus. The governing body is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member elected by the faculty, one staff member elected by the staff, and one student member elected by students. Pursuant to KRS 164.350, the Board of Regents is a body corporate with the powers usually vested in corporations and has control and management of the University, subject to the statutes of the Commonwealth.

Murray State University's statutorily-mandated goal is to have at least one nationally recognized program of distinction or applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MuSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to agriculture, business, health and human services, teacher education, communications, engineering, and applied technologies. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders,

and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky

and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Murray State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in telecommunications systems management and the Ecosystem and Reservoir Research Center of Excellence. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning and residential colleges.

Murray State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Murray State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on ecosystems, reservoir management, telecommunications, agriculture, entrepreneurship and teaching pedagogy. The University places a high premium on academic outreach, collaborative relationships with alumni, the public schools, business and industry, governmental agencies and other colleges and universities at home and abroad.

Murray State University provides and coordinates education services to meet the economic and community needs of its designated area of geographic responsibility. It collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Northern Kentucky University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	50,713,000	55,260,600	57,085,600	46,835,100	46,835,100
Special Appropriation	-968,600				
Total General Fund	49,744,400	55,260,600	57,085,600	46,835,100	46,835,100
Restricted Funds					
Current Receipts	170,324,100	179,009,200	188,288,000	179,009,200	188,288,000
Total Restricted Funds	170,324,100	179,009,200	188,288,000	179,009,200	188,288,000
Federal Funds					
Current Receipts	15,140,200	15,140,200	15,140,200	15,140,200	15,140,200
Total Federal Funds	15,140,200	15,140,200	15,140,200	15,140,200	15,140,200
TOTAL SOURCE OF FUNDS	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300
EXPENDITURES BY CLASS					
Personnel Cost	136,646,600	146,845,600	155,076,600	141,361,900	148,541,700
Operating Expenses	48,640,300	50,154,000	51,489,200	48,853,400	50,014,800
Grants Loans Benefits	25,475,200	26,907,800	28,227,700	25,891,700	26,711,600
Debt Service	9,425,600	8,760,100	8,777,800	8,760,100	8,777,800
Capital Outlay	15,021,000	16,742,500	16,942,500	16,117,400	16,217,400
TOTAL EXPENDITURES	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300
EXPENDITURES BY FUND SOURCE					
General Fund	49,744,400	55,260,600	57,085,600	46,835,100	46,835,100
Restricted Funds	170,324,100	179,009,200	188,288,000	179,009,200	188,288,000
Federal Funds	15,140,200	15,140,200	15,140,200	15,140,200	15,140,200
TOTAL EXPENDITURES	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300
EXPENDITURES BY UNIT					
Instruction	77,383,500	82,568,400	86,656,600	78,157,300	81,859,800
Research	1,541,100	1,542,500	1,558,400	1,542,400	1,558,300
Public Service	11,144,600	11,301,900	11,542,800	11,297,700	11,538,600
Libraries	6,328,500	6,856,300	7,127,200	6,574,700	6,845,600
Academic Support	24,405,900	26,857,600	28,647,200	25,533,400	26,678,000
Student Services	19,167,100	20,420,900	21,396,300	19,712,700	20,393,800
Institutional Support	31,711,300	32,977,400	34,325,900	32,744,600	34,093,100
Operation and Maintenance of Plant	19,329,200	20,594,700	21,292,800	19,933,700	20,631,800
Scholarships and Fellowships	25,320,500	26,723,100	27,990,400	25,982,800	26,750,100
Mandatory Transfers	3,480,700	2,805,200	2,805,200	2,805,200	2,805,200
Non-Mandatory Transfers	2,160,700	3,129,300	3,129,300	3,067,300	3,067,300
Auxilliary Enterprises	13,235,600	13,632,700	14,041,700	13,632,700	14,041,700
TOTAL EXPENDITURES	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. The university started in 1948 as an extension center of the University of Kentucky and later was part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was appointed, and subsequently, the Board of Trustees of the University of Kentucky turned over the Covington facilities and assets of Northern Kentucky Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of NKU. Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973. In 1976 Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290.

Northern Kentucky University's goal, mandated by statute, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, NKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live

and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs, a first-professional program in law, and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Northern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Center for Integrative Natural Science and Mathematics. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, undergraduate research, community-based learning and civic engagement.

Northern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Northern Kentucky University emphasizes public engagement as a defining and nationally recognized quality of the university. As such, its priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship and improving math and science instruction. Northern Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization and the workforce. It is committed to partnerships that support economic development, P-12 excellence, local government effectiveness, quality healthcare, nonprofit management and civic literacy. NKU is committed to becoming a center for the performing and visual arts.

**Postsecondary Education
Postsecondary Education Institutions
University of Kentucky**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	303,199,200	320,752,300	327,351,700	283,869,300	283,869,300
Special Appropriation	-5,869,100				
Total General Fund	297,330,100	320,752,300	327,351,700	283,869,300	283,869,300
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Total Tobacco Settlement - Phase I	250,000	250,000	250,000		
Restricted Funds					
Current Receipts	2,169,253,400	2,247,116,400	2,333,364,300	2,247,116,400	2,333,364,300
Total Restricted Funds	2,169,253,400	2,247,116,400	2,333,364,300	2,247,116,400	2,333,364,300
Federal Funds					
Current Receipts	207,934,900	219,752,200	232,396,700	219,752,200	232,396,700
Total Federal Funds	207,934,900	219,752,200	232,396,700	219,752,200	232,396,700
TOTAL SOURCE OF FUNDS	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300
EXPENDITURES BY CLASS					
Personnel Cost	1,235,736,100	1,283,730,900	1,333,517,800	1,270,086,500	1,317,096,800
Operating Expenses	1,127,711,300	1,186,150,400	1,238,482,100	1,165,895,700	1,215,404,600
Grants Loans Benefits	115,991,400	120,472,400	125,179,100	119,604,500	124,311,200
Debt Service	75,797,500	75,800,900	72,743,900	75,800,900	72,743,900
Capital Outlay	119,532,100	121,716,300	123,439,800	119,350,300	120,073,800
TOTAL EXPENDITURES	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300
EXPENDITURES BY FUND SOURCE					
General Fund	297,330,100	320,752,300	327,351,700	283,869,300	283,869,300
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Restricted Funds	2,169,253,400	2,247,116,400	2,333,364,300	2,247,116,400	2,333,364,300
Federal Funds	207,934,900	219,752,200	232,396,700	219,752,200	232,396,700
TOTAL EXPENDITURES	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300
EXPENDITURES BY UNIT					
Instruction	353,742,900	362,325,100	371,031,300	339,206,700	345,962,700
Research	284,994,000	295,758,800	307,116,900	295,564,700	306,715,100
Public Service	311,059,500	319,976,200	329,333,100	319,518,200	328,385,000
Libraries	26,107,900	27,012,300	27,429,800	26,467,500	26,837,000
Academic Support	102,884,700	112,765,000	123,125,800	112,596,900	122,777,800
Student Services	37,082,400	37,915,200	38,785,500	37,844,600	38,639,400
Institutional Support	110,042,200	114,728,300	117,275,100	111,716,400	113,640,400
Operation and Maintenance of Plant	90,974,600	101,608,300	105,732,200	92,041,200	93,139,900
Scholarships and Fellowships	115,991,400	120,472,400	125,179,100	120,472,400	125,179,100
Mandatory Transfers	18,481,700	18,481,700	18,481,700	18,481,700	18,481,700
Auxilliary Enterprises	171,429,600	180,300,600	189,916,500	180,300,600	189,916,500
Hospitals	1,051,977,500	1,096,527,000	1,139,955,700	1,096,527,000	1,139,955,700
TOTAL EXPENDITURES	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300

The University of Kentucky (UK) is a comprehensive land grant institution located in Lexington, Kentucky. Founded in 1865 under the provisions of the Morrill Land-Grant Act, the University began as part of Kentucky University. In 1878 the Agricultural and Mechanical College was separated from Kentucky University and re-established on land given by Lexington and Fayette County. To provide a separate campus for the new institution, Lexington donated its 50-acre fairground and park, and along with Fayette County, helped construct the buildings. Thirty years later the name was changed to State University, Lexington, Kentucky, before eventually becoming the University of Kentucky in 1916.

The University of Kentucky's statutorily-mandated goal is to be a major comprehensive research institution ranked nationally in the top 20 public universities.

To advance this agenda, UK's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, specialist, and doctoral degree programs consistent with a flagship institution's statewide mission. It also maintains professional programs in dentistry, law, medicine, pharmacy, architecture, engineering, education, and social professions. The graduate and postdoctoral programs emphasize areas supporting statewide economic and community development and are consistent with a nationally-recognized public research university.

The University of Kentucky's programs include innovative post-baccalaureate certificate, masters, and doctoral programs that meet 21st century public needs in traditional and emerging multidisciplinary fields. The University of Kentucky maintains a state leadership role in delivering doctoral education, including collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, living-learning communities and undergraduate research.

The University of Kentucky has selective to highly selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees, and recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Kentucky's priorities for action include basic, applied and translational research as one of only seven universities in the United States with schools of agriculture, engineering, law, medicine and pharmacy on a single campus. The University of Kentucky emphasizes research and creativity in areas of identified strength and opportunity, as well as in emerging fields essential to the development of a knowledge-based economy in Kentucky and beyond. This requires significant extramural support and a broad array of doctoral programs, consistent with the nation's top 20 research universities. The University of Kentucky focuses on programs in health and life sciences, computer science and engineering, cultural and international studies, public policy and human services, business and economics, energy and the environment and the arts. It also conducts research and outreach supporting the improvement of P-20 and adult education systems with a special emphasis on literacy.

The University of Kentucky drives statewide economic development by preparing a highly educated workforce, conducting grant and contract-funded research and transferring research and technological innovations to the marketplace. It assures Kentuckians high-quality health care by promoting access to the highest level of appropriate care possible within the facilities of local communities and developing advanced subspecialty programs of national stature at the academic medical center. The University of Kentucky engages the university community and its partners in fostering economic well being and quality of life for Kentuckians in regions facing significant economic and health-related challenges, throughout the Commonwealth, and, as the state's flagship institution, beyond its borders to the nation and world.

**Postsecondary Education
Postsecondary Education Institutions
University of Louisville**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	177,715,600	185,535,500	192,894,300	163,049,400	166,212,300
Special Appropriation	-2,920,000				
Total General Fund	174,795,600	185,535,500	192,894,300	163,049,400	166,212,300
Restricted Funds					
Current Receipts	680,791,600	924,735,500	949,169,200	924,735,500	949,169,200
Total Restricted Funds	680,791,600	924,735,500	949,169,200	924,735,500	949,169,200
Federal Funds					
Current Receipts	124,381,800	118,126,200	116,852,300	118,126,200	116,852,300
Total Federal Funds	124,381,800	118,126,200	116,852,300	118,126,200	116,852,300
TOTAL SOURCE OF FUNDS	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800
EXPENDITURES BY CLASS					
Personnel Cost	475,676,200	596,657,700	610,151,800	589,019,100	600,528,700
Operating Expenses	380,277,000	489,023,700	503,540,500	475,188,100	487,493,500
Grants Loans Benefits	78,491,100	97,440,900	97,440,900	96,656,000	96,656,000
Debt Service	22,836,100	17,108,700	19,616,400	17,108,700	19,616,400
Capital Outlay	22,688,600	28,166,200	28,166,200	27,939,200	27,939,200
TOTAL EXPENDITURES	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800
EXPENDITURES BY FUND SOURCE					
General Fund	174,795,600	185,535,500	192,894,300	163,049,400	166,212,300
Restricted Funds	680,791,600	924,735,500	949,169,200	924,735,500	949,169,200
Federal Funds	124,381,800	118,126,200	116,852,300	118,126,200	116,852,300
TOTAL EXPENDITURES	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800
EXPENDITURES BY UNIT					
Instruction	231,823,900	291,968,066	299,477,833	289,653,500	295,806,600
Research	184,270,000	236,712,800	241,603,600	230,237,000	235,127,800
Public Service	148,080,800	186,206,200	190,136,500	185,020,200	188,950,500
Libraries	15,585,100	19,597,600	20,011,300	19,472,800	19,886,500
Academic Support	98,298,500	123,837,567	127,803,234	122,819,300	125,428,300
Student Services	20,999,900	26,573,267	28,487,333	26,238,400	26,795,800
Institutional Support	61,387,000	77,191,800	78,821,200	76,700,200	78,329,600
Operation and Maintenance of Plant	38,716,200	55,660,500	56,813,900	48,374,200	49,401,700
Scholarships and Fellowships	73,412,100	92,312,800	94,261,400	91,724,800	93,673,400
Mandatory Transfers	22,836,000	17,108,600	19,616,300	16,152,200	18,659,900
Auxilliary Enterprises	63,840,600	79,793,600	79,793,600	79,282,300	79,282,300
Hospitals	20,718,900	21,434,400	22,089,600	20,236,200	20,891,400
TOTAL EXPENDITURES	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800

The University of Louisville (UofL) is an urban university with close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and in 1846 became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution. Governance of the University is vested in the Board of Trustees, which was constituted a public body corporate, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

The University of Louisville's statutorily-mandated goal is to be a premier, nationally recognized metropolitan research university.

To advance this agenda, UofL's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a world that is increasingly intercultural, interdisciplinary and diverse. It offers a comprehensive array of baccalaureate, master's, and specialist programs, along with professional programs in dentistry, law, medicine, engineering, education, and social professions. Selected doctoral programs support the goals of national recognition as a metropolitan research university and meet the economic and community development needs of the region and state. The University of

Louisville offers collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs.

The University of Louisville places special emphasis on its Research Challenge Trust Fund programs in business (entrepreneurship), health and life sciences, engineering, education, humanities and the arts. It strives to increase the quality of undergraduate programs while increasing the size and national recognition of graduate programs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning and undergraduate research.

The University of Louisville maintains selective to highly selective admissions with a commitment to recruiting a diverse undergraduate and graduate student body, especially students from its metropolitan area and those who do not enter or move through the university in traditional ways. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees. It also recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Louisville serves as the metropolitan area's intellectual center and economic engine. It drives economic development by educating a workforce ready to take on the challenges of a new century. The University supports existing businesses, promotes business startups based on university inventions and coordinates other community economic development efforts. UofL is building a national reputation as a leader in issues affecting metropolitan regions and provides this expertise to other areas in the state, nation, and beyond through basic, applied and translational research. The University of Louisville's research mission prioritizes programs in human health and development, life sciences, information technology and communications, environmental and energy technologies, logistics and distribution, early childhood education, entrepreneurship, materials science and advanced manufacturing. The University of Louisville works with P-12 schools and adult learning centers to improve student achievement and postsecondary preparation. Additionally, research and creative activities in the humanities and the arts foster and support the rich cultural life of the Greater Louisville area.

Policy

The Executive Budget includes \$20,434,400 in fiscal year 2013 and \$21,089,600 in fiscal year 2014 from the General Fund for the Quality and Charity Care Trust Fund agreement.

**Postsecondary Education
Postsecondary Education Institutions
Western Kentucky University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	77,377,300	81,879,200	84,419,200	72,425,200	72,425,200
Special Appropriation	-1,497,800				
Total General Fund	75,879,500	81,879,200	84,419,200	72,425,200	72,425,200
Restricted Funds					
Current Receipts	258,444,500	266,398,600	277,461,600	266,398,600	277,461,600
Total Restricted Funds	258,444,500	266,398,600	277,461,600	266,398,600	277,461,600
Federal Funds					
Current Receipts	50,723,000	52,736,000	54,839,000	52,736,000	54,839,000
Total Federal Funds	50,723,000	52,736,000	54,839,000	52,736,000	54,839,000
TOTAL SOURCE OF FUNDS	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800
EXPENDITURES BY CLASS					
Personnel Cost	177,267,300	184,741,300	192,353,400	181,560,500	188,036,800
Operating Expenses	110,053,800	115,483,700	120,029,200	110,516,600	113,680,300
Grants Loans Benefits	76,354,300	79,873,800	83,399,800	78,689,000	82,215,000
Debt Service	11,858,100	14,993,000	14,993,000	14,993,000	14,993,000
Capital Outlay	9,513,500	5,922,000	5,944,400	5,800,700	5,800,700
TOTAL EXPENDITURES	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800
EXPENDITURES BY FUND SOURCE					
General Fund	75,879,500	81,879,200	84,419,200	72,425,200	72,425,200
Restricted Funds	258,444,500	266,398,600	277,461,600	266,398,600	277,461,600
Federal Funds	50,723,000	52,736,000	54,839,000	52,736,000	54,839,000
TOTAL EXPENDITURES	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800
EXPENDITURES BY UNIT					
Instruction	110,617,500	115,204,800	120,751,700	112,472,200	117,394,300
Research	10,383,700	10,531,100	10,746,200	10,482,500	10,686,300
Public Service	16,054,600	16,411,500	16,891,500	16,314,400	16,771,700
Libraries	7,883,100	8,164,200	8,533,300	7,969,900	8,147,600
Academic Support	17,965,700	19,093,900	19,900,900	18,201,500	18,734,500
Student Services	35,045,500	35,770,200	36,805,100	35,381,700	36,303,000
Institutional Support	48,959,600	50,180,400	51,470,400	49,500,500	50,641,300
Operation and Maintenance of Plant	33,838,400	38,397,600	40,846,100	34,466,900	35,762,400
Scholarships and Fellowships	68,600,000	72,005,300	75,409,800	71,515,400	74,919,900
Mandatory Transfers	553,100				
Non-Mandatory Transfers	10,091,800	10,091,800	10,091,800	10,091,800	10,091,800
Auxilliary Enterprises	25,054,000	25,163,000	25,273,000	25,163,000	25,273,000
TOTAL EXPENDITURES	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800

Western Kentucky University (WKU), located in Bowling Green, Kentucky, was established by the General Assembly in 1906 as a school for the training of teachers. On January 1, 1907, the Southern Kentucky Normal School was transferred to the state of Kentucky, and the president of that institution became president of the Western Kentucky State Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and Teachers College and authorized the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College, then to the Western Kentucky State College in 1948, and finally to Western Kentucky University in 1966.

Western Kentucky University's goal, mandated by statute, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, WKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, masters and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders and other certified personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet

state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Western Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Programs of Distinction in journalism and forensics and applied research and technology. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education and opportunities for discovery-based learning.

Western Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Western Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on cave and karst studies, applied physics, folk studies, Kentucky life, literature and history, the Civil War in the west, materials characterization and combustion, teacher effectiveness, entrepreneurship, rural health development, lifespan development, water quality and applied engineering. Western Kentucky University collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization and the workforce. It also provides or coordinates education services improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Kentucky Community and Technical College System**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	204,706,700	223,906,400	230,451,300	191,455,700	191,455,700
Special Appropriation	-3,962,500				
Total General Fund	200,744,200	223,906,400	230,451,300	191,455,700	191,455,700
Restricted Funds					
Current Receipts	426,041,400	460,702,600	481,494,700	460,702,600	481,522,300
Total Restricted Funds	426,041,400	460,702,600	481,494,700	460,702,600	481,522,300
Federal Funds					
Current Receipts	276,376,100	289,858,400	301,350,000	289,858,400	301,350,000
Total Federal Funds	276,376,100	289,858,400	301,350,000	289,858,400	301,350,000
TOTAL SOURCE OF FUNDS	903,161,700	974,467,400	1,013,296,000	942,016,700	974,328,000
EXPENDITURES BY CLASS					
Personnel Cost	446,710,300	486,435,100	492,185,700	465,840,400	466,734,100
Operating Expenses	150,639,100	164,345,600	178,225,000	156,926,100	169,551,700
Grants Loans Benefits	298,179,800	314,685,200	328,030,000	310,372,000	323,716,800
Capital Outlay	7,632,500	9,001,500	14,855,300	8,878,200	14,297,800
TOTAL EXPENDITURES	903,161,700	974,467,400	1,013,296,000	942,016,700	974,300,400
EXPENDITURES BY FUND SOURCE					
General Fund	200,744,200	223,906,400	230,451,300	191,455,700	191,455,700
Restricted Funds	426,041,400	460,702,600	481,494,700	460,702,600	481,494,700
Federal Funds	276,376,100	289,858,400	301,350,000	289,858,400	301,350,000
TOTAL EXPENDITURES	903,161,700	974,467,400	1,013,296,000	942,016,700	974,300,400
EXPENDITURES BY UNIT					
Instruction	276,181,700	295,605,000	308,399,800	286,194,400	296,663,000
Public Service	50,947,300	62,199,900	64,671,000	59,435,000	61,120,600
Libraries	10,578,900	10,914,700	11,112,200	10,591,200	10,740,300
Academic Support	39,431,800	42,128,700	43,951,800	40,578,700	41,996,000
Student Services	62,689,300	66,403,200	69,061,600	64,805,500	67,173,500
Institutional Support	71,976,500	75,334,200	77,165,000	71,791,800	73,036,600
Operation and Maintenance of Plant	93,340,700	116,065,500	125,862,900	104,095,100	111,789,900
Scholarships and Fellowships	298,015,500	305,816,200	313,071,700	304,525,000	311,780,500
TOTAL EXPENDITURES	903,161,700	974,467,400	1,013,296,000	942,016,700	974,300,400

The Kentucky Community and Technical College System (KCTCS), created by The Postsecondary Education Improvement Act of 1997, is composed of community and technical college districts plus several branch campuses and distance learning centers strategically located across the Commonwealth. KCTCS's statutorily-mandated mission is to assure access throughout the Commonwealth to a two-year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.

To advance this agenda, KCTCS has a general two-year academic curriculum with transferable credits. It maintains associate, technical, and semi-professional programs leading to degrees, diplomas, and certificates. It enhances basic academic and literacy skills through adult and developmental education. KCTCS focuses on continuing education and workforce development customized for business and industry, as well as dual enrollment and credit for secondary students.

The Kentucky Community and Technical College System maintains open admissions with a commitment to recruiting a diverse student body. Its students are pursuing associate degrees, diplomas, and certificates and are seeking transfer credit toward baccalaureate degrees. Its students also include workers seeking technical training, students needing remedial coursework, adults gaining personal development through continuing education, and high school students earning dual credit and preparation for college.

Kentucky Community and Technical College System's priorities for action are applied research in workforce development, classroom instruction, and technology deployment.

The Kentucky Community and Technical College System serves the needs of students in 120 counties through its statewide physical presence and distance learning programs. It provides customized workforce training for employers to promote economic well-being and quality of life for communities throughout Kentucky. The Kentucky Community and Technical College System serves as the primary point of access for many Kentuckians seeking postsecondary education to improve their education level and quality of life.

Policy

The Governor's recommended budget includes \$41,944,800 in fiscal year 2013 and \$42,625,900 in fiscal year 2014 for the Firefighters Foundation Program Fund.

Public Protection

	Public Protection				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,181,900	9,108,400	9,538,200	6,688,000	6,814,300
State Salary and Compensation Allocation	263,000				
Mandated Expenditure Reductions	-281,600				
Total General Fund	7,163,300	9,108,400	9,538,200	6,688,000	6,814,300
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	16,581,400	15,706,500	15,706,500	14,867,200	14,657,300
Budget Reduction-General Fund Tobacco	-874,900				
Total Tobacco Settlement - Phase I	15,706,500	15,706,500	15,706,500	14,867,200	14,657,300
Restricted Funds					
Balance Forward	56,190,600	50,220,200	57,218,600	50,296,200	36,954,600
Current Receipts	77,459,000	78,655,600	78,624,400	78,655,600	78,624,400
Non-Revenue Receipts	20,436,000	19,879,300	19,841,300	20,278,300	21,396,600
Fund Transfers	-21,305,100			-25,000,000	-22,155,100
Total Restricted Funds	132,780,500	148,755,100	155,684,300	124,230,100	114,820,500
Federal Funds					
Current Receipts	4,767,100	4,100,900	4,051,600	4,100,900	4,051,600
Total Federal Funds	4,767,100	4,100,900	4,051,600	4,100,900	4,051,600
TOTAL SOURCE OF FUNDS	160,417,400	177,670,900	184,980,600	149,886,200	140,343,700
EXPENDITURES BY CLASS					
Personnel Cost	73,042,400	81,312,100	83,551,300	75,935,000	77,460,800
Operating Expenses	11,376,200	12,142,100	11,913,700	11,641,500	11,428,900
Grants Loans Benefits	25,012,900	25,506,900	25,457,300	25,006,900	24,957,300
Capital Outlay	447,700	1,491,200	1,168,900	348,200	660,900
TOTAL EXPENDITURES	109,879,200	120,452,300	122,091,200	112,931,600	114,507,900
EXPENDITURES BY FUND SOURCE					
General Fund	6,921,300	9,108,400	9,538,200	6,688,000	6,814,300
Tobacco Settlement - Phase I	15,706,500	15,706,500	15,706,500	14,867,200	14,657,300
Restricted Funds	82,484,300	91,536,500	92,794,900	87,275,500	88,984,700
Federal Funds	4,767,100	4,100,900	4,051,600	4,100,900	4,051,600
TOTAL EXPENDITURES	109,879,200	120,452,300	122,091,200	112,931,600	114,507,900
EXPENDITURES BY UNIT					
Secretary	4,994,200	5,914,400	6,093,900	5,497,900	5,606,100
Boxing and Wrestling Authority	135,800	155,700	159,300	148,200	150,700
Alcoholic Beverage Control	5,273,800	5,979,400	6,293,100	5,641,000	5,894,600
Charitable Gaming	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400
Board of Claims/Crime Victims' Compensation	2,612,700	3,192,600	3,069,300	2,261,700	2,125,800
Financial Institutions	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800
Horse Racing Commission	27,896,700	29,601,500	29,244,500	27,997,000	28,286,600
Housing, Buildings and Construction	17,694,700	20,593,400	21,329,100	18,699,500	19,273,700
Insurance	38,390,100	39,815,800	40,466,100	38,481,100	38,837,400
Tax Appeals	410,500	459,200	473,600	400,700	408,800
TOTAL EXPENDITURES	109,879,200	120,452,300	122,091,200	112,931,600	114,507,900

The Public Protection Cabinet is charged with the supervision and regulation of industries. The Cabinet has five departments and one office: Alcoholic Beverage Control, Financial Institutions, Housing, Buildings and Construction, Insurance, Charitable Gaming and Office of Occupations and Professions. The Cabinet also has four boards/commissions attached for administrative purposes only: Kentucky Horse Racing Commission, Boxing & Wrestling Authority, Board of Claims/Crime Victims Compensation Board and Board of Tax Appeals. The Office of the Secretary also includes the Office of Communications and Public Outreach and the Office of Legal Services.

	Public Protection Secretary				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	262,500	459,100	534,300	261,700	267,400
State Salary and Compensation Allocation	16,800				
Total General Fund	279,300	459,100	534,300	261,700	267,400
Restricted Funds					
Balance Forward	481,900	76,300	66,200	76,300	103,100
Current Receipts	1,011,400	1,301,700	1,301,700	1,301,700	1,301,700
Non-Revenue Receipts	3,599,200	4,143,500	4,247,800	3,961,300	4,035,200
Fund Transfers	-287,100				
Total Restricted Funds	4,805,400	5,521,500	5,615,700	5,339,300	5,440,000
TOTAL SOURCE OF FUNDS	5,084,700	5,980,600	6,150,000	5,601,000	5,707,400
EXPENDITURES BY CLASS					
Personnel Cost	4,479,500	5,384,800	5,568,900	4,995,100	5,093,300
Operating Expenses	514,700	529,600	525,000	502,800	512,800
TOTAL EXPENDITURES	4,994,200	5,914,400	6,093,900	5,497,900	5,606,100
EXPENDITURES BY FUND SOURCE					
General Fund	265,100	459,100	534,300	261,700	267,400
Restricted Funds	4,729,100	5,455,300	5,559,600	5,236,200	5,338,700
TOTAL EXPENDITURES	4,994,200	5,914,400	6,093,900	5,497,900	5,606,100
EXPENDITURES BY UNIT					
Office of the Secretary - Comm - Legal	3,873,700	4,453,000	4,587,400	4,223,000	4,302,600
Occupations and Professions	1,120,500	1,461,400	1,506,500	1,274,900	1,303,500
TOTAL EXPENDITURES	4,994,200	5,914,400	6,093,900	5,497,900	5,606,100

A Secretary appointed by the Governor heads the Cabinet. The Secretary is responsible for guiding Departmental agencies in policy and program implementation and is responsible for operating each agency in the most efficient and cost effective manner possible while maintaining a high quality of service to the general public as well as the businesses, trades, and professionals it licenses and regulates.

**Public Protection
Boxing and Wrestling Authority**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	226,600	316,500	390,800	316,500	398,300
Current Receipts	230,000	230,000	230,000	230,000	230,000
Fund Transfers	-4,300				
Total Restricted Funds	452,300	546,500	620,800	546,500	628,300
TOTAL SOURCE OF FUNDS	452,300	546,500	620,800	546,500	628,300
EXPENDITURES BY CLASS					
Personnel Cost	100,700	121,000	123,800	113,500	115,200
Operating Expenses	35,100	34,700	35,500	34,700	35,500
TOTAL EXPENDITURES	135,800	155,700	159,300	148,200	150,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	135,800	155,700	159,300	148,200	150,700
TOTAL EXPENDITURES	135,800	155,700	159,300	148,200	150,700
EXPENDITURES BY UNIT					
Boxing and Wrestling Authority	135,800	155,700	159,300	148,200	150,700
TOTAL EXPENDITURES	135,800	155,700	159,300	148,200	150,700

The Boxing and Wrestling Authority, pursuant to KRS Chapter 229, is the sole authority over professional boxing, wrestling and amateur and professional mixed martial arts bouts in Kentucky. The five-member board directs, manages and controls all professional boxing, sparring, exhibitions, wrestling matches, amateur and professional mixed martial arts bouts. Moreover, the authority has jurisdiction over all licenses to hold boxing, sparring, wrestling matches, exhibitions, amateur and professional mixed martial arts bouts for prizes or purses where an admission fee is received. The Authority administers all licenses to contestants, wrestlers or boxers, judges, managers, physicians, referees, timekeepers, and trainers and provides oversight of all persons who participate in the boxing, sparring, wrestling matches, exhibitions or mixed martial arts. The Authority is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

**Public Protection
Alcoholic Beverage Control**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	795,000	787,100	798,600	684,600	698,300
State Salary and Compensation Allocation	46,800				
Mandated Expenditure Reductions	-104,800				
Total General Fund	737,000	787,100	798,600	684,600	698,300
Restricted Funds					
Balance Forward	1,939,500	1,683,400	1,259,100	1,683,400	1,117,600
Current Receipts	5,446,500	5,446,500	5,446,500	5,446,500	5,446,500
Non-Revenue Receipts	-678,500	-678,500	-696,800	-555,900	-571,900
Fund Transfers	-434,500			-500,000	-155,100
Total Restricted Funds	6,273,000	6,451,400	6,008,800	6,074,000	5,837,100
TOTAL SOURCE OF FUNDS	7,010,000	7,238,500	6,807,400	6,758,600	6,535,400
EXPENDITURES BY CLASS					
Personnel Cost	4,506,400	5,130,100	5,332,000	4,791,700	4,933,500
Operating Expenses	767,400	849,300	961,100	849,300	961,100
TOTAL EXPENDITURES	5,273,800	5,979,400	6,293,100	5,641,000	5,894,600
EXPENDITURES BY FUND SOURCE					
General Fund	684,200	787,100	798,600	684,600	698,300
Restricted Funds	4,589,600	5,192,300	5,494,500	4,956,400	5,196,300
TOTAL EXPENDITURES	5,273,800	5,979,400	6,293,100	5,641,000	5,894,600
EXPENDITURES BY UNIT					
Administration, Enforcement and License	4,876,900	5,566,400	5,856,300	5,224,900	5,459,100
Tobacco Enforcement	396,900	413,000	436,800	416,100	435,500
TOTAL EXPENDITURES	5,273,800	5,979,400	6,293,100	5,641,000	5,894,600

The Department of Alcoholic Beverage Control (ABC), pursuant to KRS Chapters 241-244, enforces laws relating to the manufacture, sale, transportation, storage, and advertising of alcoholic beverages. The agency does not collect taxes.

The Commissioner of the Department serves as both the agency's administrative officer and the Chairman of the Alcoholic Beverage Control Board, which also includes the directors of the Malt Beverage and Distilled Spirits divisions. The Secretary of the Public Protection Cabinet, with the approval of the Governor, appoints all three board members.

In exercising its quasi-judicial authority, the ABC Board may suspend, revoke, or cancel for cause, after hearing, any license issued due to violation of alcoholic beverage laws. The ABC Board also conducts hearings for and appeals from an applicant whose license is refused by city or county administrators.

The Department has enforcement officers assigned throughout the state who conduct investigations, make regular inspections, and otherwise monitor compliance with ABC laws.

The Department also implements laws, pursuant to KRS 438.300 – 438.330, relating to the use, display, sell or distribution of tobacco products with an emphasis on persons under the age of 18.

Policy

The Executive Budget includes Restricted Funds of \$122,600 in fiscal year 2013 and \$124,900 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

**Public Protection
Charitable Gaming**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		190,100	183,200		
Total General Fund		190,100	183,200		
Restricted Funds					
Balance Forward	507,100	143,500		143,500	
Current Receipts	3,041,700	3,108,700	3,449,500	3,108,700	3,449,500
Non-Revenue Receipts	-299,400			24,300	24,900
Fund Transfers	-354,900				
Total Restricted Funds	2,894,500	3,252,200	3,449,500	3,276,500	3,474,400
TOTAL SOURCE OF FUNDS	2,894,500	3,442,300	3,632,700	3,276,500	3,474,400
EXPENDITURES BY CLASS					
Personnel Cost	2,306,400	2,985,300	3,109,500	2,823,300	2,945,200
Operating Expenses	444,600	457,000	523,200	453,200	529,200
TOTAL EXPENDITURES	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400
EXPENDITURES BY FUND SOURCE					
General Fund		190,100	183,200		
Restricted Funds	2,751,000	3,252,200	3,449,500	3,276,500	3,474,400
TOTAL EXPENDITURES	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400
EXPENDITURES BY UNIT					
Charitable Gaming	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400
TOTAL EXPENDITURES	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400

The Department of Charitable Gaming, pursuant to KRS Chapter 238, is charged with the licensure and regulation of charitable organizations, facilities, distributors, and manufacturers involved with charitable gaming in the Commonwealth. The agency performs inspections, issues licenses, conducts audits and criminal investigations of charitable gaming establishments.

Policy

The Executive Budget includes Restricted Funds of \$24,300 in fiscal year 2013 and \$25,900 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

**Public Protection
Board of Claims/Crime Victims' Compensation**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	614,600	1,494,000	1,572,500	594,200	600,000
State Salary and Compensation Allocation	27,500				
Total General Fund	642,100	1,494,000	1,572,500	594,200	600,000
Restricted Funds					
Balance Forward	246,500	76,200		76,200	31,100
Current Receipts	1,141,600	1,058,700	982,400	1,058,700	982,400
Non-Revenue Receipts					-2,100
Fund Transfers	-23,500				
Total Restricted Funds	1,364,600	1,134,900	982,400	1,134,900	1,011,400
Federal Funds					
Current Receipts	705,300	563,700	514,400	563,700	514,400
Total Federal Funds	705,300	563,700	514,400	563,700	514,400
TOTAL SOURCE OF FUNDS	2,712,000	3,192,600	3,069,300	2,292,800	2,125,800
EXPENDITURES BY CLASS					
Personnel Cost	1,148,500	1,298,800	1,337,100	1,189,000	1,213,300
Operating Expenses	1,164,600	1,094,200	982,200	773,100	662,500
Grants Loans Benefits	299,600	799,600	750,000	299,600	250,000
TOTAL EXPENDITURES	2,612,700	3,192,600	3,069,300	2,261,700	2,125,800
EXPENDITURES BY FUND SOURCE					
General Fund	619,000	1,494,000	1,572,500	594,200	600,000
Restricted Funds	1,288,400	1,134,900	982,400	1,103,800	1,011,400
Federal Funds	705,300	563,700	514,400	563,700	514,400
TOTAL EXPENDITURES	2,612,700	3,192,600	3,069,300	2,261,700	2,125,800
EXPENDITURES BY UNIT					
Board of Claims	521,700	597,300	625,000	552,900	573,100
Crime Victims' Board	2,091,000	2,595,300	2,444,300	1,708,800	1,552,700
TOTAL EXPENDITURES	2,612,700	3,192,600	3,069,300	2,261,700	2,125,800

The Board of Claims, pursuant to KRS 44.086(2) and (3), is the only forum through which a citizen may sue the state for alleged negligence. Per 2006 Kentucky Acts Chapter 252, awards of less than \$5,000 are paid from funds of the state agency determined to be at fault. Awards over \$5,000 are paid from appropriations from the General Fund, and awards against the Transportation Cabinet are paid from the Road Fund. The maximum award on a single claim is \$200,000 and there is a cap of \$350,000 on multiple claims arising from the same incident.

The Crime Victims' Compensation Board, pursuant to KRS Chapter 346, is empowered to reimburse innocent crime victims up to \$25,000 for their medical expenses, lost wages that are not paid by any other source, and funeral expenses up to \$5,000. The amount of time that a claimant has to submit a claim to the Board is five years. The Crime Victims' Compensation Board is funded through an allocation of 3.4 percent of the state court cost fees.

The Board of Claims and the Crime Victims' Compensation Board are composed of the same five members appointed by the Governor. Both entities share staff services provided by the agency. The Board is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

**Public Protection
Financial Institutions**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	6,822,900	7,864,700	10,552,600	7,508,400	4,077,000
Current Receipts	15,129,000	15,140,000	15,139,000	15,140,000	15,139,000
Non-Revenue Receipts	-895,600	-1,154,100	-1,166,100	-1,043,400	-1,026,300
Fund Transfers	-3,828,200			-7,000,000	-7,000,000
Total Restricted Funds	17,228,100	21,850,600	24,525,500	14,605,000	11,189,700
TOTAL SOURCE OF FUNDS	17,228,100	21,850,600	24,525,500	14,605,000	11,189,700
EXPENDITURES BY CLASS					
Personnel Cost	8,102,700	9,373,400	9,676,800	8,603,400	8,797,000
Operating Expenses	1,548,700	1,844,600	1,640,800	1,844,600	1,640,800
Grants Loans Benefits	12,000	12,000	12,000	12,000	12,000
Capital Outlay	56,300	68,000		68,000	
TOTAL EXPENDITURES	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800
TOTAL EXPENDITURES	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800
EXPENDITURES BY UNIT					
Administrative Services	1,603,600	1,939,300	1,919,900	1,847,500	1,809,500
Securities	1,997,600	2,155,700	2,141,600	2,081,900	2,051,700
Depository Institutions	3,936,200	4,659,300	4,690,500	4,183,200	4,165,400
Non-Depository Institutions	2,182,300	2,543,700	2,577,600	2,415,400	2,423,200
TOTAL EXPENDITURES	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800

The Department of Financial Institutions, pursuant to KRS Chapter 286, licenses and regulates banks, bank holding companies, trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, sale of check licensees, securities issuers, broker-dealers, agents, and investment advisors. A Commissioner appointed by the Governor heads the Department.

The Commissioner's Office is responsible for the overall management of the agency. Two branches report directly to the Commissioner's office. The Technology Branch maintains the computer network, the web sites, and system upgrade planning. The Administrative Services Branch is charged with the administration of the fiscal functions including budgeting, purchasing, inventory control, training coordination, and facilities management. The Public Information Officer is also a part of the Commissioner's office and is responsible for all communications with the media and handling the department's public relations efforts through coordination of educational seminars, brochures, and newsletters.

The Division of Securities carries out the registration of securities issuances in the state. The Division registers broker-dealers, their agents, investment advisers, and investment adviser representatives, and conducts on-site examinations of these regulated entities. The Division investigates allegations of securities fraud or other illegal conduct entities involved in the securities industry that is operating within Kentucky.

The Division of Depository Institutions licenses/charters, examines and regulates depository financial institutions within the Bank Branch and Credit Union Branch. The Bank Branch is responsible for the examination and supervision of commercial banks, bank holding companies, and independent trust companies. The Credit Union Branch is responsible for examination and supervision of all state chartered credit unions.

The Division of Non-Depository Institutions includes both the Compliance Branch and Consumer Protection Branch. The Compliance branch is responsible for the examination and supervision of consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and money transmitters. The Consumer Protection Branch is responsible for the investigation of complaints and provides outreach and education to protect consumers from financial frauds.

**Public Protection
Horse Racing Commission**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,969,000	2,883,300	2,883,300	2,609,800	2,660,000
Mandated Expenditure Reductions	-176,800				
Total General Fund	2,792,200	2,883,300	2,883,300	2,609,800	2,660,000
Restricted Funds					
Balance Forward	29,109,700	25,829,700	21,106,700	25,829,700	18,967,100
Current Receipts	3,679,700	3,728,700	3,728,700	3,728,700	3,728,700
Non-Revenue Receipts	18,413,400	18,266,500	18,186,500	17,295,900	17,731,100
Fund Transfers	-242,100			-2,500,000	
Total Restricted Funds	50,960,700	47,824,900	43,021,900	44,354,300	40,426,900
TOTAL SOURCE OF FUNDS	53,752,900	50,708,200	45,905,200	46,964,100	43,086,900
EXPENDITURES BY CLASS					
Personnel Cost	4,217,200	4,790,100	4,943,100	4,206,200	4,490,800
Operating Expenses	755,400	870,300	865,300	872,700	867,700
Grants Loans Benefits	22,849,100	22,843,100	22,843,100	22,843,100	22,843,100
Capital Outlay	75,000	1,098,000	593,000	75,000	85,000
TOTAL EXPENDITURES	27,896,700	29,601,500	29,244,500	27,997,000	28,286,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,765,700	2,883,300	2,883,300	2,609,800	2,660,000
Restricted Funds	25,131,000	26,718,200	26,361,200	25,387,200	25,626,600
TOTAL EXPENDITURES	27,896,700	29,601,500	29,244,500	27,997,000	28,286,600
EXPENDITURES BY UNIT					
Administration and Regulation of Racing	3,717,400	5,346,900	4,928,900	3,759,900	3,992,100
Equine Drug Research Fund	784,400	825,000	875,000	825,000	875,000
Thoroughbred Development Fund	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Standardbred Development Fund	220,000	220,000	220,000	220,000	220,000
Standardbred Horsemen Fees	400,000	400,000	400,000	400,000	400,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund	20,000	20,000	20,000	20,000	20,000
County Fair Purse Fund	127,500	127,500	127,500	127,500	127,500
Thoroughbred Owners and Breeders	131,000	125,000	125,000	125,000	125,000
Backside Improvement Commission	500,000	500,000	500,000	500,000	500,000
Ky Thoroughbred Breeder Incentive Fund	13,997,400	14,038,100	14,049,100	14,020,600	14,028,000
Ky Standardbred Breeder Incentive Fund	2,480,000	2,480,000	2,480,000	2,480,000	2,480,000
Ky Horse Breeders Incentive Fund	1,019,000	1,019,000	1,019,000	1,019,000	1,019,000
TOTAL EXPENDITURES	27,896,700	29,601,500	29,244,500	27,997,000	28,286,600

The Kentucky Horse Racing Commission, pursuant to KRS 230.225, is responsible for the regulation of thoroughbred and harness horse racing and the fostering of thoroughbred and harness horse breeding within the Commonwealth. The Commission prescribes the rules, regulations, and conditions under which all thoroughbred, harness horse, quarter horse, Appaloosa, and Arabian racing and wagering may be conducted in the Commonwealth.

The Commission's charge is to:

- Recommend tax incentives and other options to promote the strength and growth of the thoroughbred industry and to preserve the economic viability of Kentucky's horse farms;
- Design and implement programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of increasing the horse industry's impact on the state's economy;
- Developing and supporting programs which ensure that Kentucky remains a national leader in equine research;
- Develop and implement programs designed to ensure the safety and well being of jockeys, drivers and horses; and

- Develop programs and procedures which will aggressively fulfill its oversight on such matters as race day medications and other medication issues.

The Commission is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

The Administration and Regulation of Racing program performs the administrative and oversight functions of the Commission. The Division of Veterinary Services oversees the state veterinarians and support staff. The Division of Racing & Security supervises drug testing and interdiction at racetracks. The Division of Licensing is responsible for licensing all individuals who participate in thoroughbred and harness racing. The Division of Breeders' Incentive including the Kentucky Thoroughbred, Standardbred, and Horse Breeders' Incentive Funds provide rewards to breeders of horses bred and foaled in Kentucky. Incentive funds are derived from sales taxes paid on stud fees.

The Equine Drug Research Council, KRS 230.265, advises the Commission on research programs. One-tenth of one percent of the thoroughbred pari-mutuel handle supports the Council. Funds are used to support drug research and testing, equine medical research, equine health research or any regulatory or administrative activity of the Commission that is related to such research.

The Thoroughbred Development Fund, KRS 230.400, was created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three-fourths of one percent of the total pari-mutuel handle.

The Standardbred Development Fund, KRS 230.770, supports efforts to encourage breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky. It receives one percent of the pari-mutuel handle from the harness horse racing tracks

The County Fair Purse Fund, KRS 230.398, receives funding from pari-mutuel harness racing tickets not redeemed and four percent of the commissions on wagers at simulcast facilities; and redistributes the funds in the form of purse supplements for harness racing events to county fairs.

The Backside Improvement Fund, KRS 230.218, is charged with promoting, enhancing, and improving the backsides of eligible thoroughbred racing associations with an average pari-mutuel handle of \$1,200,000 or less per racing day. Associations conducting thoroughbred racing, with an average pari-mutuel handle of \$1,200,000 or less per live racing day, are required to pay one-half of one percent of on-track wagers to the Backside Improvement Fund.

The Thoroughbred Owners and Breeders Fund, KRS 230.380, receives six percent of the commissions on wagers at simulcast facilities to fund capital improvements and promote off-track betting. It also supports marketing and promotion of the Kentucky thoroughbred industry.

The Kentucky Quarter Horse, Appaloosa and Arabian Development Fund was established during the 2010 General Assembly to promote races and provide purses for races for horses bred and foaled in the Commonwealth. The Kentucky Horse Racing Commission is responsible for distributing the funds to persons, corporations or associations operating licensed tracks within Kentucky conducting Quarter Horse, Appaloosa or Arabian horse racing.

Policy

The Executive Budget includes Restricted Funds of \$8,100 in fiscal year 2013 and \$8,300 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

Public Protection
Housing, Buildings and Construction

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,160,600	2,835,600	3,092,700	2,137,000	2,179,800
State Salary and Compensation Allocation	124,000				
Total General Fund	2,284,600	2,835,600	3,092,700	2,137,000	2,179,800
Restricted Funds					
Balance Forward	3,601,300	4,567,500	3,708,700	4,567,500	4,901,000
Current Receipts	16,769,500	16,983,700	17,089,300	16,983,700	17,089,300
Non-Revenue Receipts	-59,800	-84,700	-87,200	-87,700	-90,900
Fund Transfers	-750,200				
Total Restricted Funds	19,560,800	21,466,500	20,710,800	21,463,500	21,899,400
Federal Funds					
Current Receipts	524,600				
Total Federal Funds	524,600				
TOTAL SOURCE OF FUNDS	22,370,000	24,302,100	23,803,500	23,600,500	24,079,200
EXPENDITURES BY CLASS					
Personnel Cost	13,687,100	16,182,500	16,743,900	14,555,900	14,845,300
Operating Expenses	3,785,400	4,205,700	4,099,300	4,058,400	3,942,500
Capital Outlay	222,200	205,200	485,900	85,200	485,900
TOTAL EXPENDITURES	17,694,700	20,593,400	21,329,100	18,699,500	19,273,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,176,800	2,835,600	3,092,700	2,137,000	2,179,800
Restricted Funds	14,993,300	17,757,800	18,236,400	16,562,500	17,093,900
Federal Funds	524,600				
TOTAL EXPENDITURES	17,694,700	20,593,400	21,329,100	18,699,500	19,273,700
EXPENDITURES BY UNIT					
General Administration and Management	1,039,300	1,188,100	1,277,600	1,134,400	1,212,900
Fire Prevention	1,218,200	1,338,800	1,365,500	1,230,900	1,257,000
Boiler Inspections	757,000	818,100	838,100	787,900	801,000
Hazardous Materials Inspections	690,200	730,400	748,500	701,500	712,500
Manufactured Housing Inspections	581,900	862,700	978,700	825,400	939,100
General Inspections	1,503,700	1,699,200	1,748,700	1,465,600	1,495,000
Electrical Licensing	694,800	1,259,900	1,236,200	824,900	910,000
Electrical Inspections	583,300	915,800	896,000	889,700	864,300
Sprinkler/Alarm Inspections	73,200	80,100	82,200	77,100	78,500
Elevator Inspections	981,500	1,121,200	1,347,900	1,047,300	1,262,300
Plumbing	4,918,100	5,531,200	5,686,100	5,043,200	5,043,200
Safe Cigarette Program	6,000	6,000	6,000	6,000	6,000
HVAC	2,373,000	2,307,500	2,444,000	2,060,100	2,173,800
Building Codes Enforcement	2,274,500	2,734,400	2,673,600	2,605,500	2,518,100
TOTAL EXPENDITURES	17,694,700	20,593,400	21,329,100	18,699,500	19,273,700

The Department of Housing, Buildings and Construction, pursuant to KRS Chapter 198B, regulates all construction of buildings through enforcement of building and fire codes, including: elevators, boilers, manufactured housing, hazardous materials, HVAC and electrical, sprinkler and plumbing installation. The agency enforces a uniform building code for the Commonwealth with a building inspection program that is designed to prevent fire- and life-safety hazards.

The Division of Fire Prevention enforces the Kentucky Standards of Safety (815 KAR 10:060) in addition to state and federal laws and regulations by performing property inspections, reviewing plans and issuing permits for the underground storage tanks, and educating the public about fire safety. Effective March 16, 2011, the State Fire Marshal's Office entered a memorandum of agreement for Sprinkler Inspection Program for all state-owned properties. A Fireworks Program was expanded in fiscal year 2011, under KRS 227.715, effective May 9, 2011.

The Division of Plumbing, a fee-supported program, enforces the Kentucky State Plumbing code (KRS 318.130; 815 KAR Chapter 20). Duties of the Division include: installation inspections of all plumbing systems throughout the state; approval of plumbing plans for all public buildings; testing of applicants for licensure; issuing renewal licenses to master and journeyman plumbers, and assisting the State Plumbing Code Committee in its review of plumbing code administrative regulations. The Plumbing Code Committee, among other duties, reviews and recommends new materials and techniques to be included in the approved parts and materials lists of the Kentucky State Plumbing Code. The Division may pursue sanctions and penalties against both licensed and unlicensed individuals performing plumbing.

The Division of Heating, Ventilation, and Air Conditioning (HVAC) is responsible for annual licensing and oversight of the of heating, ventilation, and air conditioning contractors, journeymen, and apprentices. The HVAC Board promulgates administrative regulations relating to all aspects of the HVAC industry, conducts examinations, maintains all licensure information, registers apprentices and may pursue sanctions against licensees and criminal penalties against unlicensed persons engaging in activities requiring an HVAC license. The Board approves continuing education providers, programs and scheduling for HVAC masters and journeymen. The HVAC began the Statewide Permitting and Inspection Program under the provisions of KRS 198B.6678 on January 1, 2011. This program is mandated to make the inspections within a specified timeframe as set out in KRS 198B.6672 for both residential and commercial HVAC installations.

The Division of Building Codes Enforcement provides overall coordination and enforcement of the Kentucky Building Code (815 KAR 7:120) and the Kentucky Residential Code (815 KAR 7:125). The division includes the following sections: plan review and field inspection; electrical licensing; electrical inspections; and manufactured housing. Among the duties of this division are inspection, plan review, licensing, investigation, and technical consulting services to the construction industry. The Division is funded primarily from plan review fees.

	Public Protection Insurance				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	16,581,400	15,706,500	15,706,500	14,867,200	14,657,300
Budget Reduction-General Fund Tobacco	-874,900				
Total Tobacco Settlement - Phase I	15,706,500	15,706,500	15,706,500	14,867,200	14,657,300
Restricted Funds					
Balance Forward	13,255,100	9,662,400	20,134,500	10,094,700	7,359,400
Current Receipts	31,009,600	31,657,600	31,257,300	31,657,600	31,257,300
Non-Revenue Receipts	356,700	-613,400	-642,900	683,800	1,296,600
Fund Transfers	-15,380,300			-15,000,000	-15,000,000
Total Restricted Funds	29,241,100	40,706,600	50,748,900	27,436,100	24,913,300
Federal Funds					
Current Receipts	3,537,200	3,537,200	3,537,200	3,537,200	3,537,200
Total Federal Funds	3,537,200	3,537,200	3,537,200	3,537,200	3,537,200
TOTAL SOURCE OF FUNDS	48,484,800	59,950,300	69,992,600	45,840,500	43,107,800
EXPENDITURES BY CLASS					
Personnel Cost	34,131,300	35,635,200	36,291,600	34,300,500	34,662,900
Operating Expenses	2,312,400	2,208,400	2,232,300	2,208,400	2,232,300
Grants Loans Benefits	1,852,200	1,852,200	1,852,200	1,852,200	1,852,200
Capital Outlay	94,200	120,000	90,000	120,000	90,000
TOTAL EXPENDITURES	38,390,100	39,815,800	40,466,100	38,481,100	38,837,400
EXPENDITURES BY FUND SOURCE					
Tobacco Settlement - Phase I	15,706,500	15,706,500	15,706,500	14,867,200	14,657,300
Restricted Funds	19,146,400	20,572,100	21,222,400	20,076,700	20,642,900
Federal Funds	3,537,200	3,537,200	3,537,200	3,537,200	3,537,200
TOTAL EXPENDITURES	38,390,100	39,815,800	40,466,100	38,481,100	38,837,400
EXPENDITURES BY UNIT					
Executive Director and Administration	3,369,700	3,663,800	3,776,800	3,530,900	3,626,100
Small Business Insurance Subsidy	24,100	1,300	2,000	1,300	2,000
Property and Casualty	899,700	1,065,700	1,123,900	1,016,600	1,068,900
Financial Standards and Examination	2,989,000	3,517,500	3,594,800	3,469,300	3,542,600
Agent Licensing	1,450,100	1,579,500	1,630,700	1,526,000	1,565,700
Consumer Protection	2,941,000	3,022,700	3,133,400	2,954,500	3,057,800
Insurance Fraud Investigation	1,471,500	1,678,100	1,792,400	1,644,300	1,745,600
Health and Life	3,281,900	3,364,500	3,458,200	3,273,400	3,348,100
Mine Subsidence Program	255,200	184,000	190,400	177,800	183,200
Kentucky Access Program	21,707,900	21,738,700	21,763,500	20,887,000	20,697,400
TOTAL EXPENDITURES	38,390,100	39,815,800	40,466,100	38,481,100	38,837,400

The Department of Insurance, pursuant to KRS Chapter 304, has the authority to license, supervise, and regulate insurance companies doing business in Kentucky.

The Commissioner is responsible for the overall policy, planning, direction, and management of all divisions within the Department. It is the responsibility of the commissioner to oversee the manner in which the business of insurance is conducted in Kentucky. The Commissioner is charged with protecting the public interest, promoting viable markets, and assuring fair treatment of insurance consumers. An ombudsman provides additional assistance to consumers.

The Property and Casualty Division regulates coverage and marketing practices of property and casualty insurers. Through its annual review of property and casualty insurance rate and form filings, the Division ensures that companies comply with the standards set forth in the Kentucky Insurance Code. The Division is also responsible for reporting medical malpractice claims, recording of no-fault rejections (tort liability), and verifying such rejection. It is responsible for the regulation of surplus lines insurance.

The Health and Life Division regulates insurance companies selling health, life and disability products. The Division approves policies, certificates, provider networks, quality improvement programs, and rate filings. The Division reviews promotional

literature and activities for the protection of the public. The Division handles inquiries about Medicare and long-term care insurance. The Division is responsible for conducting research on strategies related to financial services modernization.

The Financial Standards and Examination Division protects consumers by ensuring the financial solvency of insurers authorized to do business in Kentucky. The Division is responsible for conducting financial examinations, financial analyses, and providing administrative oversight of the insurance industry.

The Insurance Fraud Investigation Division is the Department's enforcement unit empowered to conduct criminal investigations of suspected fraudulent insurance acts. Insurance-related fraud may be committed by applicants for insurance, policyholders, third party claimants, agents, and providers of services who are paid by insurance.

The Agent Licensing Division makes certain that only knowledgeable and qualified insurance representatives sell insurance products to Kentucky consumers. The Division administers examinations, monitors continuing education courses, and licenses agents.

The Consumer Protection Division is the main link between the Department and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. The Market Conduct unit of Consumer Protection observes and analyzes the business practices of insurers.

Kentucky Access, Kentucky's high-risk health insurance pool, was created by the 2000 General Assembly. It is a statewide health plan that offers health insurance to Kentuckians who have sufficient disposable income to afford health insurance premiums, but cannot obtain individual health insurance in the private market. The Department of Insurance has the statutory responsibility to operate and administer the Kentucky Access program. The responsibility is met through a contractual relationship between the Department and a third party administrator. The program is funded from three revenue sources: premiums paid by policyholders, assessments of all health insurance carriers in the state, and an appropriation of the state's Master Settlement Agreement proceeds (Phase I Tobacco funds) from the Kentucky Health Care Improvement Fund.

Policy

The ICARE program, originally established in Part XXIII of the 2006 Kentucky Acts Chapter 252, provides small businesses with a Health Insurance Subsidy. Eligible businesses can have no fewer than two but no more than 25 employees. Participating businesses will continue to receive an immediate, fixed, monthly reimbursement of \$40-\$60 that will decline by \$10-15 each year of participation for each employee eligible through June 15, 2010.

The Executive Budget includes Restricted Funds of \$46,500 in fiscal year 2013 and \$47,300 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund.

	Public Protection Tax Appeals				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	380,200	459,200	473,600	400,700	408,800
State Salary and Compensation Allocation	47,900				
Total General Fund	428,100	459,200	473,600	400,700	408,800
TOTAL SOURCE OF FUNDS	428,100	459,200	473,600	400,700	408,800
EXPENDITURES BY CLASS					
Personnel Cost	362,600	410,900	424,600	356,400	364,300
Operating Expenses	47,900	48,300	49,000	44,300	44,500
TOTAL EXPENDITURES	410,500	459,200	473,600	400,700	408,800
EXPENDITURES BY FUND SOURCE					
General Fund	410,500	459,200	473,600	400,700	408,800
TOTAL EXPENDITURES	410,500	459,200	473,600	400,700	408,800
EXPENDITURES BY UNIT					
Tax Appeals	410,500	459,200	473,600	400,700	408,800
TOTAL EXPENDITURES	410,500	459,200	473,600	400,700	408,800

The Board of Tax Appeals, pursuant to KRS Chapter 131, is an administrative review agency with exclusive jurisdiction to hear and resolve appeals arising from final rulings, orders, and determinations of any agency of state or county government relating to revenue and taxation.

The Board consists of three members appointed by the Governor for staggered four-year terms. One member is designated by the Governor as chair. The Board is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

Tourism, Arts and Heritage

Tourism, Arts and Heritage

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,718,700	88,756,600	99,665,100	49,135,800	50,511,700
State Salary and Compensation Allocation	1,167,400				
Current Year Appropriation	9,000,000				
Mandated Expenditure Reductions	-860,900				
Total General Fund	58,025,200	88,756,600	99,665,100	49,135,800	50,511,700
Restricted Funds					
Balance Forward	66,175,900	59,267,900	56,013,800	63,505,500	64,079,900
Current Receipts	155,088,200	161,953,300	167,202,600	161,829,700	166,501,800
Non-Revenue Receipts	-8,730,000	-14,905,000	-14,733,000	-14,727,200	-14,552,000
Fund Transfers	-2,356,600				
Total Restricted Funds	210,177,500	206,316,200	208,483,400	210,608,000	216,029,700
Federal Funds					
Balance Forward	6,148,800	6,148,800	6,148,800	6,148,800	7,240,600
Current Receipts	20,641,000	19,114,300	19,114,300	19,115,600	19,116,900
Total Federal Funds	26,789,800	25,263,100	25,263,100	25,264,400	26,357,500
Road Fund					
Regular Appropriation	350,000	700,000	700,000	677,400	703,200
Total Road Fund	350,000	700,000	700,000	677,400	703,200
TOTAL SOURCE OF FUNDS	295,342,500	321,035,900	334,111,600	285,685,600	293,602,100
EXPENDITURES BY CLASS					
Personnel Cost	132,731,400	153,036,900	157,533,300	137,682,300	140,170,700
Operating Expenses	73,351,900	71,532,500	72,897,800	60,329,900	61,896,400
Grants Loans Benefits	11,307,600	12,018,700	12,388,900	10,365,100	10,293,700
Debt Service	4,422,300	21,166,300	29,038,500	4,822,200	5,565,400
Capital Outlay	3,044,700	1,118,900	1,329,600	1,165,600	1,376,300
TOTAL EXPENDITURES	224,857,900	258,873,300	273,188,100	214,365,100	219,302,500
EXPENDITURES BY FUND SOURCE					
General Fund	57,194,900	88,756,600	99,665,100	49,135,800	50,511,700
Restricted Funds	146,672,000	150,302,400	153,708,700	146,528,100	150,790,200
Federal Funds	20,641,000	19,114,300	19,114,300	18,023,800	17,297,400
Road Fund	350,000	700,000	700,000	677,400	703,200
TOTAL EXPENDITURES	224,857,900	258,873,300	273,188,100	214,365,100	219,302,500
EXPENDITURES BY UNIT					
Secretary	12,710,000	14,957,100	16,768,200	12,841,300	12,915,200
Artisans Center	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600
Travel	3,183,400	5,981,800	6,114,500	3,091,300	3,058,000
Parks	79,284,600	96,809,500	103,602,500	80,229,300	81,172,600
Horse Park Commission	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800
State Fair Board	50,751,500	59,272,600	59,911,600	46,210,200	47,895,600
Fish and Wildlife Resources	50,372,200	49,530,600	52,530,600	45,613,500	47,703,300
Historical Society	6,442,400	7,576,200	7,476,600	6,158,700	6,195,700
Arts Council	3,826,200	4,110,200	4,205,400	3,683,300	3,709,100
Heritage Council	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200
Kentucky Center for the Arts	876,000	2,218,300	2,845,500	802,400	802,400
TOTAL EXPENDITURES	224,857,900	258,873,300	273,188,100	214,365,100	219,302,500

The Tourism, Arts and Heritage Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

The Tourism, Arts and Heritage Cabinet is comprised of the following agencies:

- Kentucky State Fair Board
- Kentucky Heritage Council
- Kentucky Arts Council
- Kentucky Historical Society
- Kentucky Center for the Arts
- Governor's School for the Arts
- Department of Fish and Wildlife Resources
- Kentucky Horse Park
- Kentucky Department of Parks
- Kentucky Artisan Center at Berea
- Department of Travel and Tourism
- Office of the Secretary
- Capital Plaza Operations
- Creative Services
- The Kentucky Humanities Council

**Tourism, Arts and Heritage
Secretary**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,734,100	4,619,500	6,405,400	2,528,100	2,582,400
State Salary and Compensation Allocation	144,800				
Mandated Expenditure Reductions	-180,500				
Total General Fund	2,698,400	4,619,500	6,405,400	2,528,100	2,582,400
Restricted Funds					
Balance Forward	6,188,400	5,762,100	5,349,200	5,762,100	5,373,600
Current Receipts	1,311,000	1,329,700	1,361,900	1,329,700	1,361,900
Non-Revenue Receipts	8,770,000	8,595,000	8,767,000	8,595,000	8,767,000
Fund Transfers	-386,800				
Total Restricted Funds	15,882,600	15,686,800	15,478,100	15,686,800	15,502,500
TOTAL SOURCE OF FUNDS	18,581,000	20,306,300	21,883,500	18,214,900	18,084,900
EXPENDITURES BY CLASS					
Personnel Cost	6,615,300	7,766,300	7,903,700	6,683,700	6,749,000
Operating Expenses	1,464,200	1,861,800	1,775,000	1,328,600	1,337,200
Grants Loans Benefits	4,620,500	5,319,000	5,319,000	4,819,000	4,819,000
Debt Service			1,760,500		
Capital Outlay	10,000	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES	12,710,000	14,957,100	16,768,200	12,841,300	12,915,200
EXPENDITURES BY FUND SOURCE					
General Fund	2,589,500	4,619,500	6,405,400	2,528,100	2,582,400
Restricted Funds	10,120,500	10,337,600	10,362,800	10,313,200	10,332,800
TOTAL EXPENDITURES	12,710,000	14,957,100	16,768,200	12,841,300	12,915,200
EXPENDITURES BY UNIT					
Executive Policy and Management	2,085,200	3,752,800	5,611,100	2,163,400	2,207,400
Capital Plaza Operations	962,600	1,018,700	1,050,900	994,300	1,020,900
Creative Services	735,100	1,009,700	937,300	615,800	626,100
Sports Authority	117,000	137,000	130,000	28,900	21,900
Tourism Meeting & Convention Marketing	8,359,000	9,038,900	9,038,900	9,038,900	9,038,900
Coal Severance Tourism	451,100				
TOTAL EXPENDITURES	12,710,000	14,957,100	16,768,200	12,841,300	12,915,200

The Office of the Secretary's appropriation unit comprises of:

Executive Policy and Management - The Executive Policy and Management unit directs planning and management of the agencies within the Cabinet. This program develops plans to assure orderly growth and improved management, recommends executive actions and legislative measures, and evaluates agency budget requests.

Creative Services - The Creative Services program performs a range of creative and productive services for agencies in state government, including audio and video production, graphic design, multimedia event services, and photography.

Frankfort Convention Center - The Frankfort Convention Center serves as both a small and large meeting facility, containing a 10,000 square foot arena with fixed seating space of 5,365. The small meeting facility space contains 1,575 square feet for governmental or business conference functions.

The Frankfort Convention Center also manages over 57,000 square feet of rental space for 10 state agencies and eight private businesses.

Sports Authority - The Kentucky Sports Authority, established pursuant to KRS 148.590, has a fourteen member board with the primary responsibility to recruit, promote, assist, place, and develop sporting events, facilities, and programs throughout the Commonwealth, with the final goal of developing the economy, commerce, job opportunities, and revenue streams.

Tourism, Meeting, and Convention Marketing Fund – This fund is established by KRS 142.406 with revenues from a one percent

transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth.

Coal Severance Fund - Marketing and development activities in coal producing counties are provided for through the Coal Severance Fund, which receives coal severance funds from the Multi-county fund. Allocations to coal counties are intended to supplement local tourism budgets that are deficient in tourism infrastructure. The Kentucky Recreational Trails Authority and the Adventure Tourism Program are funded through the Coal Severance funds. The purposes of the Recreational Trail Authority and the Adventure Tourism Program are to enhance the Kentucky economy through expanded tourism opportunities for motorized and non-motorized off-road trail activities, and other outdoor activities, which are opportunities available throughout the Commonwealth, including in the coal producing counties.

**Tourism, Arts and Heritage
Artisans Center**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	297,800	511,500	444,300		
State Salary and Compensation Allocation	9,200				
Mandated Expenditure Reductions	-10,500				
Total General Fund	296,500	511,500	444,300		
Restricted Funds					
Balance Forward	56,800				
Current Receipts	1,583,400	1,583,400	1,683,400	1,583,400	1,583,400
Fund Transfers	-104,300				
Total Restricted Funds	1,535,900	1,583,400	1,683,400	1,583,400	1,583,400
Road Fund					
Regular Appropriation	350,000	700,000	700,000	677,400	703,200
Total Road Fund	350,000	700,000	700,000	677,400	703,200
TOTAL SOURCE OF FUNDS	2,182,400	2,794,900	2,827,700	2,260,800	2,286,600
EXPENDITURES BY CLASS					
Personnel Cost	1,111,000	1,597,600	1,545,300	1,191,000	1,201,900
Operating Expenses	1,062,800	1,197,300	1,282,400	1,069,800	1,084,700
TOTAL EXPENDITURES	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600
EXPENDITURES BY FUND SOURCE					
General Fund	287,900	511,500	444,300		
Restricted Funds	1,535,900	1,583,400	1,683,400	1,583,400	1,583,400
Road Fund	350,000	700,000	700,000	677,400	703,200
TOTAL EXPENDITURES	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600
EXPENDITURES BY UNIT					
Berea Artisans Center	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600
TOTAL EXPENDITURES	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600

The Kentucky Artisan Center at Berea is established to promote Kentucky arts and craft products and serve as a unique gateway for travelers, offering quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 650 vendors in 100 counties statewide. Hospitality, café food service, KY travel information assistance, and rest stop services are also provided by the Center for over 265,000 visitors annually. The Center currently serves as the only mid-state rest area on I-75.

The Appalachian/Kentucky Artisans Gateway Center Authority (KRS 148.560-569) has an appointed, thirteen member board to direct operations of the Center and is attached to the Tourism Arts and Heritage Cabinet for administrative purposes.

Policy

The Executive Budget includes Road Fund resources in the amount of \$677,400 in fiscal year 2013 and \$703,200 in fiscal year 2014 of the 2012-2014 biennium to support operations as a Travel Center.

**Tourism, Arts and Heritage
Travel**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,259,700	5,888,300	6,113,300	2,997,800	3,056,800
State Salary and Compensation Allocation	168,500				
Mandated Expenditure Reductions	-222,500				
Total General Fund	3,205,700	5,888,300	6,113,300	2,997,800	3,056,800
Restricted Funds					
Balance Forward	191,100	92,300		92,300	
Current Receipts	1,200	1,200	1,200	1,200	1,200
Fund Transfers	-3,500				
Total Restricted Funds	188,800	93,500	1,200	93,500	1,200
TOTAL SOURCE OF FUNDS	3,394,500	5,981,800	6,114,500	3,091,300	3,058,000
EXPENDITURES BY CLASS					
Personnel Cost	2,719,100	3,520,700	3,676,600	2,630,200	2,620,100
Operating Expenses	464,300	2,461,100	2,437,900	461,100	437,900
TOTAL EXPENDITURES	3,183,400	5,981,800	6,114,500	3,091,300	3,058,000
EXPENDITURES BY FUND SOURCE					
General Fund	3,086,900	5,888,300	6,113,300	2,997,800	3,056,800
Restricted Funds	96,500	93,500	1,200	93,500	1,200
TOTAL EXPENDITURES	3,183,400	5,981,800	6,114,500	3,091,300	3,058,000
EXPENDITURES BY UNIT					
Executive Policy and Management	804,900	916,100	956,900	655,800	667,600
Tourism Services	496,200	702,500	742,700	509,200	519,300
Marketing and Advertising	1,418,800	3,768,300	3,781,400	1,450,100	1,384,900
Communications and Promotions	463,500	594,900	633,500	476,200	486,200
TOTAL EXPENDITURES	3,183,400	5,981,800	6,114,500	3,091,300	3,058,000

The Department of Travel and Tourism was created to promote, develop, and provide support services for the tourism industry within the Commonwealth.

Executive Policy and Management - The Executive Policy and Management program establishes the policies and goals; coordinates the overall planning, management, and direction for the agency; and provides for the efficient administration of the Department and its programs.

Tourism Services - The Division of Tourism Services provides technical and design support to the overall marketing and promotions activities of the department. These activities provide graphic design support for development of both print and website promotions as well as technical support for website maintenance. Additionally, the division disseminates tourism information to tourists and potential visitors via a telephone system and fulfills visitor information through direct mail. Tourism Services provides assistance to travel planners calling the toll-free phone line requesting information as well as fulfilling requests for the Official Visitors Guide.

Marketing and Administration - The Division of Marketing and Administration is responsible for motivating travel to and within Kentucky. The Division maintains a database of all of the tourism related attractions, destinations and events throughout the state. These tourism assets are promoted through advertising via broadcast, print, and online media. Additionally, the Division participates in trade shows, events and conferences to showcase the state. The Division also collaborates with industry partners within the state and throughout the region to leverage marketing efforts.

The Tourism Marketing Incentive Program is a collaborative effort to utilize the one percent transient room tax funds, dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, efficiently and effectively.

The Division of Marketing and Administration staffs eight Welcome Centers throughout the state. The travel hosts at the Centers, located in Florence, Franklin, Grayson, Hopkinsville, Paducah, Simpsonville, Shepherdsville and Williamsburg offer helpful travel information and a positive image of Kentucky to tourists seeking assistance when they visit the state.

Communications and Promotions - The Division of Communications and Promotions works to complement the activities of the Department's advertising programs by engaging media and employing other strategies that publicize Kentucky's attractions and events as tourism destinations. These efforts primarily focus on generating earned broadcast and print media to support the

marketing efforts of the department. This Division serves as the liaison with media sources, maintaining constant contact through e-newsletters, and a web-based media resource site. Assistance is provided to individual media representatives and travel writers in a variety of ways including, but not limited to, creating story ideas, making travel arrangements, providing photographs, video and fact verification. Regular press releases are prepared for the Department of Travel and Tourism and the Department of Parks to keep the public abreast of attractions and events in Kentucky. The goal of the division is to provide comprehensive support for projects and promotions developed through the department on behalf of the tourism industry in Kentucky.

**Tourism, Arts and Heritage
Parks**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,330,100	43,912,300	52,400,400	28,101,400	29,132,000
State Salary and Compensation Allocation	511,200				
Mandated Expenditure Reductions	-68,600				
Total General Fund	29,772,700	43,912,300	52,400,400	28,101,400	29,132,000
Restricted Funds					
Balance Forward	35,000	1,246,400	1,003,000	1,246,400	1,950,100
Current Receipts	52,553,800	52,553,800	52,553,800	52,553,800	52,553,800
Non-Revenue Receipts	100,000	100,000	100,000	277,800	281,000
Fund Transfers	-1,557,700				
Total Restricted Funds	51,131,100	53,900,200	53,656,800	54,078,000	54,784,900
TOTAL SOURCE OF FUNDS	80,903,800	97,812,500	106,057,200	82,179,400	83,916,900
EXPENDITURES BY CLASS					
Personnel Cost	50,162,600	60,051,800	61,611,200	53,381,900	54,195,600
Operating Expenses	28,877,600	32,168,300	32,168,400	26,420,000	25,914,600
Debt Service		4,418,100	9,651,600	183,000	818,000
Capital Outlay	244,400	171,300	171,300	244,400	244,400
TOTAL EXPENDITURES	79,284,600	96,809,500	103,602,500	80,229,300	81,172,600
EXPENDITURES BY FUND SOURCE					
General Fund	29,399,900	43,912,300	52,400,400	28,101,400	29,132,000
Restricted Funds	49,884,700	52,897,200	51,202,100	52,127,900	52,040,600
TOTAL EXPENDITURES	79,284,600	96,809,500	103,602,500	80,229,300	81,172,600
EXPENDITURES BY UNIT					
General Administration and Support	11,064,200	18,500,200	24,072,100	9,567,000	9,865,800
Resort Parks	50,553,200	57,874,100	58,769,200	52,438,900	52,905,700
Recreation Parks and Historic Sites	15,825,300	18,450,700	18,747,500	16,332,700	16,499,500
Cafeterias	1,681,400	1,824,000	1,853,200	1,730,200	1,741,100
Breaks Interstate Park	160,500	160,500	160,500	160,500	160,500
TOTAL EXPENDITURES	79,284,600	96,809,500	103,602,500	80,229,300	81,172,600

The Department of Parks administers and operates the Kentucky State Park System under the authority of KRS Chapter 148. The Department strives to provide quality recreational facilities and to preserve and protect historically significant sites and natural phenomena in the Commonwealth of Kentucky.

The Vision for Kentucky State Parks is to provide quality recreation and hospitality experiences for people of all ages that enhance their appreciation for adventure, fun, education, and beauty through responsible stewardship of our Commonwealth's natural, historic and cultural resources, and with a professional staff committed to excellent service for our guests.

The Mission of Kentucky State Parks is to provide a sustainable system of parks that delivers quality programs, amenities, and services which create memorable experiences and a sense of place, contributes to the economic growth of the Commonwealth, and preserves the historic and natural integrity and traditions of our parks for existing and future generations.

The activities of the Department include the operation and maintenance of 17 resort parks, 22 recreational parks, 11 historic sites, three cafeterias in Frankfort, and other miscellaneous facilities, including one interstate park. The Park System provides overnight lodging to 425,000 guests, food service for 1,175,000 meals for dining patrons, camping for 470,000 guests, golf for 210,000 players, along with other park amenities and activities.

**Tourism, Arts and Heritage
Parks
General Administration and Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,929,300	16,696,200	22,596,700	7,753,500	8,388,500
Mandated Expenditure Reductions	-68,600				
Other	1,396,300	1,624,000	1,295,400	1,624,000	1,295,400
Total General Fund	11,257,000	18,320,200	23,892,100	9,377,500	9,683,900
Restricted Funds					
Balance Forward	31,800	31,800	31,800	31,800	22,300
Current Receipts	80,000	80,000	80,000	80,000	80,000
Non-Revenue Receipts	100,000	100,000	100,000	100,000	100,000
Total Restricted Funds	211,800	211,800	211,800	211,800	202,300
TOTAL SOURCE OF FUNDS	11,468,800	18,532,000	24,103,900	9,589,300	9,886,200
EXPENDITURES BY CLASS					
Personnel Cost	8,966,500	11,656,800	11,995,100	9,743,900	9,908,100
Operating Expenses	1,997,700	2,398,400	2,398,500	-459,900	-960,300
Debt Service		4,345,000	9,578,500	183,000	818,000
Capital Outlay	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	11,064,200	18,500,200	24,072,100	9,567,000	9,865,800
EXPENDITURES BY FUND SOURCE					
General Fund	10,884,200	18,320,200	23,892,100	9,377,500	9,683,900
Restricted Funds	180,000	180,000	180,000	189,500	181,900
TOTAL EXPENDITURES	11,064,200	18,500,200	24,072,100	9,567,000	9,865,800

The General Administration and Support program provides an organizational and administrative system to maintain and operate the 51 park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with program operations support and central maintenance and minor construction support, are included in this program.

Policy

The Executive Budget provides General Fund of \$183,000 in fiscal year 2013 and \$818,000 in fiscal year 2014 for debt service on \$3 million in new bonds for Splash Park Development, \$2,000,000 in new bonds to Upgrade the Wastewater System at Fort Boonesborough and \$3,000,000 in new bonds for a Maintenance Pool.

Tourism, Arts and Heritage

Parks

Resort Parks

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,223,800	15,961,500	17,884,500	11,170,900	11,566,500
State Salary and Compensation Allocation	511,200				
Other	-1,127,200	-1,127,200	-1,127,200	-1,127,200	-1,127,200
Total General Fund	9,607,800	14,834,300	16,757,300	10,043,700	10,439,300
Restricted Funds					
Balance Forward		657,300	367,500	657,300	1,189,900
Current Receipts	42,750,000	42,750,000	42,750,000	42,750,000	42,750,000
Non-Revenue Receipts				177,800	181,000
Fund Transfers	-1,147,300				
Total Restricted Funds	41,602,700	43,407,300	43,117,500	43,585,100	44,120,900
TOTAL SOURCE OF FUNDS	51,210,500	58,241,600	59,874,800	53,628,800	54,560,200
EXPENDITURES BY CLASS					
Personnel Cost	30,044,200	35,265,100	36,160,200	31,929,900	32,396,700
Operating Expenses	20,464,000	22,564,000	22,564,000	20,464,000	20,464,000
Debt Service		45,000	45,000		
Capital Outlay	45,000			45,000	45,000
TOTAL EXPENDITURES	50,553,200	57,874,100	58,769,200	52,438,900	52,905,700
EXPENDITURES BY FUND SOURCE					
General Fund	9,607,800	14,834,300	16,757,300	10,043,700	10,439,300
Restricted Funds	40,945,400	43,039,800	42,011,900	42,395,200	42,466,400
TOTAL EXPENDITURES	50,553,200	57,874,100	58,769,200	52,438,900	52,905,700

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 17 resort parks. The resort parks and their locations are:

Barren River Resort Park - Barren County
 Blue Licks Battlefield State Park - Robertson County
 Buckhorn Lake Resort Park - Perry County
 Carter Caves Resort Park - Carter County
 Cumberland Falls Resort Park - Whitley County
 Dale Hollow Resort Park - Cumberland and Clinton Counties
 General Butler Resort Park - Carroll County
 Greenbo Lake Resort Park - Greenup County
 Jenny Wiley Resort Park - Floyd County

Kenlake Resort Park - Marshall County
 Kentucky Dam Village Resort Park - Marshall County
 Lake Barkley Resort Park - Trigg County
 Lake Cumberland Resort Park - Russell County
 Natural Bridge Resort Park - Powell County
 Pennyrile Forest Resort Park - Christian County
 Pine Mountain Resort Park - Bell County
 Rough River Resort Park - Grayson County

Policy

The Executive Budget includes Restricted Funds of \$177,800 in fiscal year 2013 and \$181,000 in fiscal year 2014 for a \$3,100 training incentive stipend for Park Rangers. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

**Tourism, Arts and Heritage
Parks
Recreation Parks and Historic Sites**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,734,900	10,731,000	11,336,000	8,734,900	8,734,900
Other	-269,100	-496,800	-168,200	-496,800	-168,200
Total General Fund	8,465,800	10,234,200	11,167,800	8,238,100	8,566,700
Restricted Funds					
Balance Forward	200	543,000	603,400	543,000	725,300
Current Receipts	8,276,900	8,276,900	8,276,900	8,276,900	8,276,900
Fund Transfers	-374,600				
Total Restricted Funds	7,902,500	8,819,900	8,880,300	8,819,900	9,002,200
TOTAL SOURCE OF FUNDS	16,368,300	19,054,100	20,048,100	17,058,000	17,568,900
EXPENDITURES BY CLASS					
Personnel Cost	10,181,500	12,016,900	12,313,700	10,688,900	10,855,700
Operating Expenses	5,544,400	6,334,400	6,334,400	5,544,400	5,544,400
Debt Service		28,100	28,100		
Capital Outlay	99,400	71,300	71,300	99,400	99,400
TOTAL EXPENDITURES	15,825,300	18,450,700	18,747,500	16,332,700	16,499,500
EXPENDITURES BY FUND SOURCE					
General Fund	8,465,800	10,234,200	11,167,800	8,238,100	8,566,700
Restricted Funds	7,359,500	8,216,500	7,579,700	8,094,600	7,932,800
TOTAL EXPENDITURES	15,825,300	18,450,700	18,747,500	16,332,700	16,499,500

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines.

Recreation Park Facilities

Big Bone Lick State Park - Boone County	Lake Malone State Park - Muhlenberg County
Carr Creek State Park - Knott County	Levi Jackson Wilderness Road State Park - Laurel County
Columbus-Belmont Battlefield State Park - Hickman County	Lincoln Homestead State Park - Washington County
E. P. "Tom" Sawyer State Park - Jefferson County	Mineral Mound State Park - Lyon County
Fort Boonesborough State Park - Madison County	My Old Kentucky Home State Park - Nelson County
General Burnside State Park - Pulaski County	Nolin Lake State Park - Edmonson County
Grayson Lake State Park - Elliott and Carter Counties	Old Fort Harrod State Park - Mercer County
Green River Lake State Park - Taylor County	Paintsville Lake State Park - Johnson County
John James Audubon State Park - Henderson County	Pine Mountain Trail State Park - Harlan & Bell Counties
Kincaid Lake State Park - Pendleton County	Taylorsville Lake State Park - Spencer County
Kingdom Come State Park - Harlan County	Yatesville Lake State Park - Lawrence County

Historic Sites

Boone Station - Fayette County	Old Mulkey Meeting House State Shrine - Monroe County
Constitution Square State Shrine - Boyle County	Perryville Battlefield State Shrine - Boyle County
Dr. Thomas Walker State Shrine - Knox County	Waveland State Shrine - Fayette County
Isaac Shelby State Shrine - Lincoln County	White Hall State Shrine - Madison County
Jefferson Davis Monument State Shrine - Todd County	Wickliffe Mounds State Historic Site - Ballard County
	William Whitley House State Shrine - Lincoln County

Tourism, Arts and Heritage

Parks

Cafeterias

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	281,600	363,100	422,700	281,600	281,600
Total General Fund	281,600	363,100	422,700	281,600	281,600
Restricted Funds					
Balance Forward	3,000	14,300	300	14,300	12,600
Current Receipts	1,446,900	1,446,900	1,446,900	1,446,900	1,446,900
Fund Transfers	-35,800				
Total Restricted Funds	1,414,100	1,461,200	1,447,200	1,461,200	1,459,500
TOTAL SOURCE OF FUNDS	1,695,700	1,824,300	1,869,900	1,742,800	1,741,100
EXPENDITURES BY CLASS					
Personnel Cost	809,900	952,500	981,700	858,700	874,600
Operating Expenses	871,500	871,500	871,500	871,500	866,500
TOTAL EXPENDITURES	1,681,400	1,824,000	1,853,200	1,730,200	1,741,100
EXPENDITURES BY FUND SOURCE					
General Fund	281,600	363,100	422,700	281,600	281,600
Restricted Funds	1,399,800	1,460,900	1,430,500	1,448,600	1,459,500
TOTAL EXPENDITURES	1,681,400	1,824,000	1,853,200	1,730,200	1,741,100

The Cafeteria program provides food service in the Capitol Annex, Transportation Building, and the Health and Family Services Building for members of the General Assembly, state employees, and visitors to the state offices in Frankfort. The cafeterias also provide catering service for special local events.

**Tourism, Arts and Heritage
Parks
Breaks Interstate Park**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	160,500	160,500	160,500	160,500	160,500
Total General Fund	160,500	160,500	160,500	160,500	160,500
TOTAL SOURCE OF FUNDS	160,500	160,500	160,500	160,500	160,500
EXPENDITURES BY CLASS					
Personnel Cost	160,500	160,500	160,500	160,500	160,500
TOTAL EXPENDITURES	160,500	160,500	160,500	160,500	160,500
EXPENDITURES BY FUND SOURCE					
General Fund	160,500	160,500	160,500	160,500	160,500
TOTAL EXPENDITURES	160,500	160,500	160,500	160,500	160,500

Breaks Interstate Park, created by KRS 148.220 in 1954 by joint action of the Kentucky and Virginia legislatures, is governed by the Breaks Interstate Park Commission. The Commission is composed of three members from each state appointed by their respective governors. Kentucky provides financial support for the park in the form of a grant to the Commission.

The park, which contains 4,500 acres of woodlands, mountains, and the largest canyon east of the Mississippi River, attracts approximately 380,000 visitors each year. Breaks Interstate Park provides recreation for the people of Kentucky and Virginia in an area where recreational opportunities are limited.

**Tourism, Arts and Heritage
Horse Park Commission**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,344,600	5,557,500	6,637,900	3,989,800	4,008,500
State Salary and Compensation Allocation	7,400				
Current Year Appropriation	3,500,000				
Total General Fund	5,852,000	5,557,500	6,637,900	3,989,800	4,008,500
Restricted Funds					
Balance Forward		191,400	382,800	191,400	385,800
Current Receipts	7,800,000	7,950,000	8,080,000	7,950,000	8,080,000
Total Restricted Funds	7,800,000	8,141,400	8,462,800	8,141,400	8,465,800
TOTAL SOURCE OF FUNDS	13,652,000	13,698,900	15,100,700	12,131,200	12,474,300
EXPENDITURES BY CLASS					
Personnel Cost	5,979,000	6,867,900	7,079,400	6,293,500	6,393,200
Operating Expenses	7,319,800	5,721,300	6,081,200	5,390,400	5,394,100
Debt Service		639,000	1,278,000		
Capital Outlay	161,800	87,900	87,900	61,500	61,500
TOTAL EXPENDITURES	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,852,000	5,557,500	6,637,900	3,989,800	4,008,500
Restricted Funds	7,608,600	7,758,600	7,888,600	7,755,600	7,840,300
TOTAL EXPENDITURES	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800
EXPENDITURES BY UNIT					
Kentucky Horse Park	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800
TOTAL EXPENDITURES	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800

The Kentucky Horse Park (KRS 148.260) is comprised of 1,224 acres on which are situated over 110 structures, 34 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

Equine Theme Park-The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, horseback riding, horse drawn tours, and other activities. The expansion of the new indoor arena and outdoor stadium was completed in 2009.

Events-The Horse Park is the host venue for both equine and non-equine special events. Horse shows are central to the mission of the park and comprise the majority of special event activities. Sixty annual equine events utilize 21 pole barns (1,086 stalls), a 1,200 seat covered arena, show office complex, six hunter-jumper rings, five dressage rings, a 7,800-yard cross country course, steeplechase course, and other ancillary structures. The park also hosts non-equine events that include soccer, high school cross country, dog shows, "Old Kentucky Nights" evening programs, "Southern Lights" holiday lights show, and many other events.

Campground-The popular campground is made up of 260 campsites with water/electric hookups, grocery store, two bathhouses, pool, tennis courts, playground, primitive camping, and covered pavilion. Each year more than 102,000 people camp at the Horse Park, generating more than \$1.3 million in direct annual income.

National Horse Center-Another area of remarkable growth has been the National Horse Center (NHC), a collection of the nation's and the state's leading equestrian organizations. The NHC now includes 33 distinct organizations contained in 11 office buildings. The NHC has solidified the key role of the Horse Park in making Kentucky the "Horse Capital of the World."

The Alltech World Equestrian Games were held September 25, 2010 through October 10, 2010 at the Kentucky Horse Park. It is estimated the Games had a total economic impact of \$201.5 million.

Policy

The Executive Budget includes General Fund resources in the amount of \$3,500,000 in fiscal year 2012, \$1,617,700 in fiscal year

2013, and \$1,617,700 in fiscal year 2014 to cover the ongoing shortfall and the shortfall from prior fiscal years created by the increase in utility rates and the increase of 264,469 additional square feet of facilities.

The Executive Budget includes Restricted Funds of \$32,500 in fiscal year 2013 and \$34,500 in fiscal year 2014 for a \$3,100 training incentive stipend for Mounted Patrol Officers. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

**Tourism, Arts and Heritage
State Fair Board**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		14,512,700	13,150,300	1,603,000	1,706,000
Current Year Appropriation	5,500,000				
Total General Fund	5,500,000	14,512,700	13,150,300	1,603,000	1,706,000
Restricted Funds					
Balance Forward	829,500			4,237,600	4,266,700
Current Receipts	48,659,600	44,759,900	46,761,300	44,636,300	46,160,500
Total Restricted Funds	49,489,100	44,759,900	46,761,300	48,873,900	50,427,200
TOTAL SOURCE OF FUNDS	54,989,100	59,272,600	59,911,600	50,476,900	52,133,200
EXPENDITURES BY CLASS					
Personnel Cost	25,136,900	27,520,400	28,152,200	26,366,100	27,052,200
Operating Expenses	18,812,000	13,423,700	13,425,700	12,824,600	13,715,700
Grants Loans Benefits	1,573,100	1,573,100	1,573,100	1,573,100	1,573,100
Debt Service	4,422,300	15,948,200	15,953,400	4,639,200	4,747,400
Capital Outlay	807,200	807,200	807,200	807,200	807,200
TOTAL EXPENDITURES	50,751,500	59,272,600	59,911,600	46,210,200	47,895,600
EXPENDITURES BY FUND SOURCE					
General Fund	5,500,000	14,512,700	13,150,300	1,603,000	1,706,000
Restricted Funds	45,251,500	44,759,900	46,761,300	44,607,200	46,189,600
TOTAL EXPENDITURES	50,751,500	59,272,600	59,911,600	46,210,200	47,895,600
EXPENDITURES BY UNIT					
Kentucky Fair and Exposition Center	38,684,500	35,095,600	35,571,700	33,712,500	35,398,700
Kentucky International Convention Center	5,154,000	5,446,600	5,521,900	5,302,900	5,269,800
Debt Service	4,422,300	15,948,200	15,953,400	4,536,200	4,541,400
Louisville Arena	2,490,700	2,782,200	2,864,600	2,658,600	2,685,700
TOTAL EXPENDITURES	50,751,500	59,272,600	59,911,600	46,210,200	47,895,600

The Kentucky State Fair Board authorized in KRS 247 is composed of 15 members: the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky, and 12 members appointed by the Governor. The Board manages and administers the funds, buildings, grounds, and equipment of both the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville as well as managing the Louisville Downtown Arena. A president is appointed by the Board to manage these centers and Fair Board properties.

Kentucky Exposition Center - The Kentucky Exposition Center provides facilities and services for conventions, trade shows, agricultural activities, athletic events, concerts, and cultural and commercial productions year-round. At this site, the State Fair Board produces its three major expositions during the year: the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition.

The Kentucky Exposition Center is a completely air-conditioned complex that includes 1.2 million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South and North Wing Exposition facilities and Conference Centers, a smaller exposition pavilion, a 600-seat amphitheater, a 5,000-seat Livestock and Horse Show Arena, and a 37,000-seat stadium. Also serving the Kentucky Exposition Center are the adjacent Crowne Plaza, Hilton Gardens Inn, Cracker Barrel restaurant, Thorton's gas station and Executive Bowl, all of which are long-term lessees of the State Fair Board.

Kentucky International Convention Center - The Kentucky International Convention Center provides facilities and services for intermediate-sized conventions, trade shows, association events, concerts, and cultural and commercial productions year-round. This facility is an integral and interdependent part of the overall redevelopment of downtown Louisville by both government and private enterprises.

The Center includes approximately 200,000 square feet of exhibit space, a 30,000 square foot ballroom, and nearly 70,000 square feet of meeting space along both sides of Third Street. The exhibit and meeting areas are linked by public concourses spanning Third Street.

The Center is served by the Hyatt and Cowger Parking Garages, which provide 1,300 enclosed parking spaces, and by the Hyatt

Regency Hotel, which is a long-term lessee of the Board. The Cowger Garage also includes commercial space which is leased on a long-term basis.

Debt Service - The Debt Service program is responsible for the annual debt service payments on Fair Board bonds issued by the State Property and Buildings Commission.

Restricted Funds in the amount of \$ 4.2 million each fiscal year are included for State Property and Building Commission Projects 81 and 86 debt service payments. Projects 81 and 86 provided funding for construction of South Wing C and the North Wing, respectively.

Louisville Arena - The Louisville Arena opened in October 2010. This multi-purpose arena seats 22,000 people and is the home of the University of Louisville men's and women's basketball teams. The Kentucky State Fair Board has entered into an operations management agreement with the Louisville Arena Authority to manage day to day operations of the Arena and employ staff to carry out the management and operations of this facility.

Policy

The Executive Budget includes General Fund resources in the amount of \$5,500,000 in fiscal year 2012, \$1,500,000 in fiscal year 2013, and \$1,500,000 in fiscal year 2014 to cover the cumulative and ongoing revenue shortfall due to the loss of major events to the KFC YUM Center, the loss of University of Louisville Basketball and the loss of Kentucky Kingdom.

The Executive Budget provides General Fund of \$103,000 in fiscal year 2013 and \$206,000 in fiscal year 2014 for debt service on new bonds for Parking Garage Maintenance.

**Tourism, Arts and Heritage
Fish and Wildlife Resources**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	58,043,900	51,443,900	48,843,900	51,443,900	51,669,200
Current Receipts	42,551,600	52,951,600	55,951,600	52,951,600	55,951,600
Non-Revenue Receipts	-17,600,000	-23,600,000	-23,600,000	-23,600,000	-23,600,000
Fund Transfers	-258,500				
Total Restricted Funds	82,737,000	80,795,500	81,195,500	80,795,500	84,020,800
Federal Funds					
Balance Forward	5,806,600	5,806,600	5,806,600	5,806,600	6,898,400
Current Receipts	19,079,100	17,579,000	17,579,000	17,579,000	17,579,000
Total Federal Funds	24,885,700	23,385,600	23,385,600	23,385,600	24,477,400
TOTAL SOURCE OF FUNDS	107,622,700	104,181,100	104,581,100	104,181,100	108,498,200
EXPENDITURES BY CLASS					
Personnel Cost	35,054,500	37,917,200	39,530,000	34,606,800	35,307,400
Operating Expenses	11,027,200	9,881,000	11,057,500	9,274,300	10,452,800
Grants Loans Benefits	2,469,200	1,689,900	1,689,900	1,689,900	1,689,900
Capital Outlay	1,821,300	42,500	253,200	42,500	253,200
TOTAL EXPENDITURES	50,372,200	49,530,600	52,530,600	45,613,500	47,703,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	31,293,100	31,951,600	34,951,600	29,126,300	31,943,800
Federal Funds	19,079,100	17,579,000	17,579,000	16,487,200	15,759,500
TOTAL EXPENDITURES	50,372,200	49,530,600	52,530,600	45,613,500	47,703,300
EXPENDITURES BY UNIT					
Administration and Support	5,853,600	6,061,500	6,400,100	5,772,700	6,058,100
Wildlife Management	16,129,800	13,762,800	14,837,900	12,956,000	13,926,100
Fisheries Management	9,330,400	10,330,400	10,955,700	9,690,800	10,238,800
Information and Education	6,273,500	6,735,000	6,931,700	6,261,600	6,401,300
Law Enforcement	12,784,900	12,640,900	13,405,200	10,932,400	11,079,000
TOTAL EXPENDITURES	50,372,200	49,530,600	52,530,600	45,613,500	47,703,300

The Department of Fish and Wildlife Resources, established by KRS Chapter 150, is responsible for the conservation and management of fish and wildlife resources in Kentucky. A Departmental Commissioner is appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine member bipartisan body appointed by the Governor from a list of candidates provided by sportsmen and women in each of nine districts.

Financial support of the Department is derived from the sale of hunting and fishing licenses, federal grants, interest income, fines and penalties assessed by the courts for violation of game and fish laws, and numerous other miscellaneous receipts.

The Department owns approximately 130,000 acres of land in Kentucky which are used to further its program activities. The acreage includes the State Game Farm, approximately 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 700,000 plus acres of land and water are under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

The Department consists of five program areas: Administration and Support, Wildlife Management, Fisheries Management, Information and Education, and Law Enforcement.

Wildlife Management - The Wildlife Management program manages, develops, and maintains statewide game and non-game populations consistent with habitat availability on state owned lands, licensed wildlife management areas, and privately owned lands. Additionally, Wildlife Management conducts statewide surveys to determine the relative abundance of game and non-game wildlife, formulates hunting regulations based upon biological data and recreational demands, restores viable native wildlife species by restocking in suitable habitat, and evaluates the impact of land, water resource, and other construction projects on wildlife resources. Technical guidance is provided to private landowners for improvement of wildlife habitat. A fish and wildlife electronic information system is being maintained for use by state agencies that includes geographic information such as land types, vegetation conditions, and wildlife populations.

Fisheries Management - The Fisheries Management program manages Kentucky fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists

manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices. The Environmental Section of the Fisheries Division manages the Kentucky Wetland Stream Mitigation Fund (referred to as the fees in-lieu of program) authorized by KRS 150.255 and by agreement with the U.S. Army Corps of Engineers. Corps 404 permits require mitigation when projects fill stream or wetland habitat. Funds are derived when 404 permit applicants can elect to pay a fee to satisfy mitigation requirements. These fees are used for identifying and restoring degraded streams with eroding banks and impacted habitat to stable conditions or restoring wetlands that have been drained.

Information and Education - The Information and Education program is responsible for educating and informing the public about our wildlife resources and the importance of conservation, and the recreational opportunities the fish and wildlife resources provide. The information and education program is essential to provide the general and sporting public timely and accurate information directly and through the media. Additionally, the dissemination of regulatory information is necessary for the sporting public to comply with applicable laws and regulations. The program also provides classroom instruction on wildlife conservation, hunter education, aquatic education; operates the Salato Wildlife Education Center; and administers three summer camps for children.

Law Enforcement - The Law Enforcement program enforces fish, wildlife, and boating laws. Officers assist other federal, state, and local agencies in enforcement of all criminal laws in the Commonwealth. Officers also provide assistance to the public during times of natural disasters such as floods, forest fires, and severe winter weather.

Administration and Support - Three separate divisions are included in the Administration and Support program area. The Division of Administrative Services manages the day-to-day operations of the Department including maintaining accounting records, ensuring proper purchasing and inventory procedures, and administering hunting and fishing license sales and revenue collections. The Public Affairs Division facilitates public involvement in departmental policy and regulations. The Engineering Division provides the labor and technical engineering services required for small construction projects, such as building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

Policy

The Executive Budget includes Restricted Funds of \$547,100 in fiscal year 2013 and \$556,900, in fiscal year 2014 for a \$3,100 training incentive stipend for Conservation Officers. These funds are provided from the Fish and Game Fund.

**Tourism, Arts and Heritage
Historical Society**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,038,600	7,041,600	6,977,600	5,624,100	5,696,700
State Salary and Compensation Allocation	232,600				
Mandated Expenditure Reductions	-213,700				
Total General Fund	6,057,500	7,041,600	6,977,600	5,624,100	5,696,700
Restricted Funds					
Balance Forward	135,400	118,000	68,700	118,000	68,700
Current Receipts	500,600	444,100	434,100	444,100	434,100
Fund Transfers	-34,600				
Total Restricted Funds	601,400	562,100	502,800	562,100	502,800
Federal Funds					
Current Receipts	45,200	41,200	41,200	41,200	41,200
Total Federal Funds	45,200	41,200	41,200	41,200	41,200
TOTAL SOURCE OF FUNDS	6,704,100	7,644,900	7,521,600	6,227,400	6,240,700
EXPENDITURES BY CLASS					
Personnel Cost	3,353,300	4,227,800	4,362,900	3,557,200	3,617,800
Operating Expenses	3,051,800	3,315,100	3,080,400	2,568,200	2,544,600
Grants Loans Benefits	37,300	33,300	33,300	33,300	33,300
TOTAL EXPENDITURES	6,442,400	7,576,200	7,476,600	6,158,700	6,195,700
EXPENDITURES BY FUND SOURCE					
General Fund	5,913,800	7,041,600	6,977,600	5,624,100	5,696,700
Restricted Funds	483,400	493,400	457,800	493,400	457,800
Federal Funds	45,200	41,200	41,200	41,200	41,200
TOTAL EXPENDITURES	6,442,400	7,576,200	7,476,600	6,158,700	6,195,700
EXPENDITURES BY UNIT					
Oral History and Educational Outreach	101,700	99,700	99,700	99,700	99,700
Research and Publications	146,400	167,100	167,100	167,100	167,100
Museums	75,300	236,500	110,400	110,400	110,400
Administration	6,119,000	7,072,900	7,099,400	5,781,500	5,818,500
TOTAL EXPENDITURES	6,442,400	7,576,200	7,476,600	6,158,700	6,195,700

The Kentucky Historical Society (KHS) engages people in the exploration of the Commonwealth's diverse heritage. Through comprehensive and innovative services, interpretive programs, and stewardship, it provides connections to the past, perspective on the present, and inspiration for the future.

The Kentucky Historical Society's statutory mandate, pursuant to KRS 171.311, is to collect and preserve for future generations materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of, and appreciation for, the Commonwealth and its heritage. The agency operates four divisions: Administration, Research and Publications, Museums, and Oral History and Educational Outreach.

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following functional teams: development, director's office, finance and human resources, and communications (which includes visitor services.)

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society's two journals—*The Register of the Kentucky Historical Society* and *Kentucky Ancestors*—and assists with the publication of the quarterly newsletter, *The Chronicle*. The team also administers the historical marker program and the research fellows program. The museum collections and exhibitions team is responsible for the operation of the Historical Society's three museum facilities—the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. Since 1999, these facilities have hosted more than 1,000,000 visitors. The team is also responsible for the 200,000+ artifact collection. The design studio is responsible for museum exhibition design and production, along with the design and production of other KHS interpretive and promotional tools.

The Museum Division is responsible for special collections and reference services. The Museum division operates the Martin F. Schmidt Research Library housed in the History Center, which effectively serves genealogists and other researchers. It also cares for an array of manuscripts, maps, 200,000-plus photographs, 8,000 oral history recordings, and rare books.

The Oral History and Educational Outreach Division includes the following units: interpretive education, teacher/student outreach, community services and the folklife program. Community Services consists of the local history program and the Cemetery Preservation program. The folklife program's mission is to document the living cultural traditions of Kentuckians and to encourage their perpetuation through education and presentation. Interpretive Education includes school tours, museum theatre, and other educational activities for adults and children. Since 1999, the KHS "history campus" has hosted more than 1,000,000 visitors. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Much of the KHS professional development for teachers is presented through Teaching American History grants awarded by the U.S. Department of Education.

**Tourism, Arts and Heritage
Arts Council**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,045,100	3,198,800	3,294,000	2,771,900	2,797,700
State Salary and Compensation Allocation	58,200				
Mandated Expenditure Reductions	-106,500				
Total General Fund	2,996,800	3,198,800	3,294,000	2,771,900	2,797,700
Restricted Funds					
Balance Forward	289,800	262,900	238,300	262,900	238,300
Current Receipts	127,000	127,000	127,000	127,000	127,000
Fund Transfers	-5,300				
Total Restricted Funds	411,500	389,900	365,300	389,900	365,300
Federal Funds					
Balance Forward	342,200	342,200	342,200	342,200	342,200
Current Receipts	734,800	759,800	759,800	759,800	759,800
Total Federal Funds	1,077,000	1,102,000	1,102,000	1,102,000	1,102,000
TOTAL SOURCE OF FUNDS	4,485,300	4,690,700	4,761,300	4,263,800	4,265,000
EXPENDITURES BY CLASS					
Personnel Cost	1,185,400	1,449,900	1,496,800	1,263,900	1,289,800
Operating Expenses	734,200	693,600	741,900	693,600	741,900
Grants Loans Benefits	1,906,600	1,966,700	1,966,700	1,725,800	1,677,400
TOTAL EXPENDITURES	3,826,200	4,110,200	4,205,400	3,683,300	3,709,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,942,800	3,198,800	3,294,000	2,771,900	2,797,700
Restricted Funds	148,600	151,600	151,600	151,600	151,600
Federal Funds	734,800	759,800	759,800	759,800	759,800
TOTAL EXPENDITURES	3,826,200	4,110,200	4,205,400	3,683,300	3,709,100
EXPENDITURES BY UNIT					
Arts Council	1,559,000	1,779,900	1,875,100	1,667,300	1,693,100
Support Grants	1,946,600	2,006,700	2,006,700	1,692,400	1,692,400
Programs and Education	7,000	7,000	7,000	7,000	7,000
Arts Marketing	313,600	316,600	316,600	316,600	316,600
TOTAL EXPENDITURES	3,826,200	4,110,200	4,205,400	3,683,300	3,709,100

The Kentucky Arts Council's legislated purpose is to develop and promote a broadly conceived state policy of support for the arts in Kentucky, pursuant to KRS 153.210 to 153.235. As the official state arts agency, the Kentucky Arts Council (KAC) is the sole Kentucky state agency designated to receive partnership funding from the National Endowment for the Arts for any programs related to the arts. All of the KAC's programs, services, initiatives, events and activities support its mission to "create opportunities for the people of Kentucky to value, participate in, and benefit from the arts".

The Kentucky Arts Council manages a multitude of programs, activities and services for the Commonwealth by working in partnership with arts organizations, educational facilities, communities, local government, and individual artists. The work of the KAC encourages the growth and stability of the arts across the state, the promotion of cultural tourism and economic development, the enhancement of quality of life in Kentucky, and the provision of strong arts education programs.

Major program areas include community arts development, arts infrastructure capacity building, individual artists, folk arts, arts education, and arts marketing. The KAC offers an extensive array of technical assistance and training programs, public events, information services and resources, business development services, sales and performance venues, and grant programs to help ensure that the arts community in Kentucky is strong and viable. The grant funds invested by the KAC across the Commonwealth serves as an important catalyst in community building, and leverages significant funding from other sources.

**Tourism, Arts and Heritage
Heritage Council**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	761,000	1,296,100	1,396,400	717,300	729,200
State Salary and Compensation Allocation	35,500				
Mandated Expenditure Reductions	-26,900				
Total General Fund	769,600	1,296,100	1,396,400	717,300	729,200
Restricted Funds					
Balance Forward	406,000	150,900	127,900	150,900	127,500
Current Receipts		252,600	248,300	252,600	248,300
Fund Transfers	-5,900				
Total Restricted Funds	400,100	403,500	376,200	403,500	375,800
Federal Funds					
Current Receipts	781,900	734,300	734,300	735,600	736,900
Total Federal Funds	781,900	734,300	734,300	735,600	736,900
TOTAL SOURCE OF FUNDS	1,951,600	2,433,900	2,506,900	1,856,400	1,841,900
EXPENDITURES BY CLASS					
Personnel Cost	1,364,500	1,978,500	2,036,400	1,569,200	1,604,900
Operating Expenses	176,200	231,100	269,200	63,300	36,900
Grants Loans Benefits	236,500	96,400	73,400	96,400	73,400
TOTAL EXPENDITURES	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200
EXPENDITURES BY FUND SOURCE					
General Fund	746,100	1,296,100	1,396,400	717,300	729,200
Restricted Funds	249,200	275,600	248,300	276,000	249,100
Federal Funds	781,900	734,300	734,300	735,600	736,900
TOTAL EXPENDITURES	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200
EXPENDITURES BY UNIT					
Kentucky Heritage Council	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200
TOTAL EXPENDITURES	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program with structure in three areas; The Site Protection Program, The Site Identification and Evaluation Program and The Site Development Program.

The Council administers national historic preservation activities in Kentucky, monitors projects and distributes grants involving federal funds, offers programs and services involving all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

Major program activities include surveying historic sites, nominating sites to the National Register of Historic Places, administering the Kentucky Main Street program in partnership with Renaissance on Main, overseeing federal and state historic preservation tax credit programs and restoration grants programs, conducting archaeological investigations, and reviewing all federally funded, licensed, and permitted projects.

Attached to the Heritage Council for administration and programmatic services are the African American Heritage Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.3801.

**Tourism, Arts and Heritage
Kentucky Center for the Arts**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	907,700	2,218,300	2,845,500	802,400	802,400
Mandated Expenditure Reductions	-31,700				
Total General Fund	876,000	2,218,300	2,845,500	802,400	802,400
TOTAL SOURCE OF FUNDS	876,000	2,218,300	2,845,500	802,400	802,400
EXPENDITURES BY CLASS					
Personnel Cost	49,800	138,800	138,800	138,800	138,800
Operating Expenses	361,800	578,200	578,200	236,000	236,000
Grants Loans Benefits	464,400	1,340,300	1,733,500	427,600	427,600
Debt Service		161,000	395,000		
TOTAL EXPENDITURES	876,000	2,218,300	2,845,500	802,400	802,400
EXPENDITURES BY FUND SOURCE					
General Fund	876,000	2,218,300	2,845,500	802,400	802,400
TOTAL EXPENDITURES	876,000	2,218,300	2,845,500	802,400	802,400
EXPENDITURES BY UNIT					
Kentucky Center for the Arts	411,600	878,000	1,112,000	374,800	374,800
Governor's School for the Arts	464,400	1,340,300	1,733,500	427,600	427,600
TOTAL EXPENDITURES	876,000	2,218,300	2,845,500	802,400	802,400

Kentucky Center for the Arts ("The Kentucky Center") is the Commonwealth's premier performing arts center. The Kentucky Center serves over 400,000 people each year. It is the performance home of the state's largest orchestra, opera, ballet, Broadway and children's theatre productions. In addition, The Kentucky Center presents a variety of national and international artists.

The Kentucky Center houses three theaters: the 2,406-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, and spaces for social and business events.

The Kentucky Center provides a wide range of nationally recognized educational programs, including professional development for teachers, partnerships with schools and community centers, and opportunities for artists to work in classrooms. The Center is also a leader in providing award-winning access services that make the theater experience possible for patrons with disabilities. The Kentucky Center, in partnership with the Kentucky Arts Council, provides access and technical consulting services for arts and cultural organizations across Kentucky. The Kentucky Center's management also provides theatrical consulting services throughout the state.

The Governor's School for the Arts (GSA) is a model program, recognized nationally by the President's Committee on the Arts and Humanities and the National Endowment of the Arts. GSA was established in 1987 to address the needs of an underserved Kentucky population: Kentucky's artistically gifted and talented young people. Whereas opportunities for advanced academic work has been widely available to Kentucky's academically gifted students, opportunities to pursue advanced work in the arts have been considerably more limited, particularly for geographically and/or economically marginalized students. GSA not only plays a vital role in preparing students for their pursuit of careers in the arts, but also prepares them for all facets of professional life requiring leadership, critical thinking, exceptional communication skills and understanding of the multi-cultural world. GSA is a model program, recognized nationally by the President's Committee on the Arts & Humanities and the National Endowment for the Arts.

Transportation

	Transportation				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,528,800	7,281,500	7,299,700	4,256,700	4,762,700
Continuing Approp.-General Fund	305,600				
Mandated Expenditure Reductions	-157,900				
Total General Fund	4,676,500	7,281,500	7,299,700	4,256,700	4,762,700
Restricted Funds					
Balance Forward	326,516,700	219,636,800	127,756,100	225,653,000	129,952,700
Current Receipts	112,991,600	113,639,900	114,891,600	113,639,900	114,916,100
Non-Revenue Receipts	585,866,900	130,925,000	104,925,000	130,925,000	104,925,000
Fund Transfers	-11,227,800	-1,464,700	-1,464,800	-18,964,700	-12,664,800
Total Restricted Funds	1,014,147,400	462,737,000	346,107,900	451,253,200	337,129,000
Federal Funds					
Balance Forward	553,400				
Current Receipts	632,060,600	605,332,200	606,670,700	605,332,200	606,670,700
ARRA Receipts	94,109,200				
Total Federal Funds	726,723,200	605,332,200	606,670,700	605,332,200	606,670,700
Road Fund					
Regular Appropriation	1,259,954,500	1,476,252,600	1,567,329,300	1,440,059,500	1,460,153,100
Surplus Expenditure Plan	67,517,600				
Other	34,065,400				
Total Road Fund	1,361,537,500	1,476,252,600	1,567,329,300	1,440,059,500	1,460,153,100
TOTAL SOURCE OF FUNDS	3,107,084,600	2,551,603,300	2,527,407,600	2,500,901,600	2,408,715,500
EXPENDITURES BY CLASS					
Personnel Cost	424,095,500	375,837,800	387,566,800	337,616,600	345,321,400
Operating Expenses	306,393,500	373,621,300	369,627,000	344,352,000	349,492,300
Grants Loans Benefits	286,997,000	261,774,000	280,265,700	254,602,900	267,895,400
Debt Service	233,484,200	214,328,800	234,505,700	243,267,600	293,565,200
Capital Outlay	17,163,900	4,350,800	4,474,600	1,206,900	1,304,100
Construction	1,612,240,400	1,193,934,500	1,236,562,000	1,186,297,300	1,131,941,700
TOTAL EXPENDITURES	2,880,374,500	2,423,847,200	2,513,001,800	2,367,343,300	2,389,520,100
EXPENDITURES BY FUND SOURCE					
General Fund	4,676,500	7,281,500	7,299,700	4,256,700	4,762,700
Restricted Funds	788,494,400	334,980,900	331,702,100	321,300,500	321,539,200
Federal Funds	726,723,200	605,332,200	606,670,700	605,332,200	606,670,700
Road Fund	1,360,480,400	1,476,252,600	1,567,329,300	1,436,453,900	1,456,547,500
TOTAL EXPENDITURES	2,880,374,500	2,423,847,200	2,513,001,800	2,367,343,300	2,389,520,100
EXPENDITURES BY UNIT					
General Administration and Support	68,202,000	74,555,400	75,534,900	66,950,400	69,260,100
Aviation	9,335,800	13,932,300	13,773,300	9,008,000	9,597,500
Debt Service	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
Highways	2,237,998,900	1,712,286,000	1,749,260,800	1,683,301,500	1,656,271,000
Public Transportation	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700
Revenue Sharing	352,235,300	381,582,100	415,992,100	380,661,800	405,482,300
Vehicle Regulation	41,243,800	47,708,200	44,263,600	39,171,300	40,344,000
TOTAL EXPENDITURES	2,880,374,500	2,423,847,200	2,513,001,800	2,367,343,300	2,389,520,100

The Transportation Cabinet is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from highway bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources include agency receipts, non-highway federal aid, the state

General Fund, and a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage tax, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Aviation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service.

Organizationally, the agency is divided into four departments: Aviation, Vehicle Regulation, Rural and Municipal Aid, and Highways. Each department is headed by a commissioner directly responsible to the Secretary. Other organizational units include the Office of Support Services, the Office of Transportation Delivery, the Office of Audits, the Office of Human Resource Management, the Office of Information Technology, the Office of Legal Services, the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, and the Office of Inspector General. These units report to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery and Preservation, the Office of Highway Safety, and Highway District Offices One through Twelve. The Office of Local Programs and the Office of Rural and Secondary Roads report to the Commissioner of Rural and Municipal Aid.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. The 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

Policy

The 2009 General Assembly amended KRS Chapter 48 to require the General Assembly to pass a separate bill for the Transportation Cabinet budget. In addition, the General Assembly is required to pass the Biennial Highway Construction Plan as a separate bill and the last four years of the six-year road plan as a joint resolution.

**Transportation
General Administration and Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	69,200	69,200	69,200	69,200	69,200
Current Receipts	20,000	19,700	19,700	19,700	19,700
Fund Transfers	-700				
Total Restricted Funds	88,500	88,900	88,900	88,900	88,900
Road Fund					
Regular Appropriation	69,188,100	74,535,700	75,515,200	66,930,700	69,240,400
Total Road Fund	69,188,100	74,535,700	75,515,200	66,930,700	69,240,400
TOTAL SOURCE OF FUNDS	69,276,600	74,624,600	75,604,100	67,019,600	69,329,300
EXPENDITURES BY CLASS					
Personnel Cost	27,560,900	32,908,200	34,154,300	28,949,300	29,618,900
Operating Expenses	32,581,800	33,592,300	33,270,100	31,094,700	31,680,100
Debt Service	7,220,000	7,210,700	7,191,300	6,112,200	7,066,900
Capital Outlay	788,000	819,200	859,200	769,200	834,200
Construction	51,300	25,000	60,000	25,000	60,000
TOTAL EXPENDITURES	68,202,000	74,555,400	75,534,900	66,950,400	69,260,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	19,300	19,700	19,700	19,700	19,700
Road Fund	68,182,700	74,535,700	75,515,200	66,930,700	69,240,400
TOTAL EXPENDITURES	68,202,000	74,555,400	75,534,900	66,950,400	69,260,100
EXPENDITURES BY UNIT					
Office of the Secretary	158,100	184,200	212,100	134,900	163,700
Office of Public Affairs	614,600	750,200	773,900	614,600	630,200
Inspector General	772,100	950,300	975,400	722,100	736,600
Budget & Fiscal Management	3,319,600	3,878,900	3,992,100	3,188,200	3,260,200
Legal Services	8,666,600	9,311,200	9,416,700	8,863,200	8,928,300
Office of Human Resource Management	3,580,000	4,967,900	5,077,000	3,431,500	3,514,800
Office of Support Services	19,845,600	21,219,300	21,370,000	18,743,000	19,890,900
Technology	26,750,700	27,619,400	27,889,700	27,053,100	27,804,100
Office of Civil Rights & Small Business Development	731,100	1,197,300	1,227,800	512,600	528,100
Office of Audits	3,763,600	4,476,700	4,600,200	3,687,200	3,803,200
TOTAL EXPENDITURES	68,202,000	74,555,400	75,534,900	66,950,400	69,260,100

The General Administration and Support appropriation unit provides management and administrative services and ensures efficient day-to-day operations. This unit includes the Office of Secretary and nine other offices.

The Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Human Resource Management, the Office of Support Services, the Office of Audits, and the Office of Information Technology provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary with the managerial tools necessary to operate the Cabinet.

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as main the policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

Policy

The Executive Budget includes Road Fund in the amount of \$656,100 in fiscal year 2014 to support the operation and maintenance of the new Kentucky Automated Vehicle Information System.

	Transportation Aviation				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,429,500	1,447,700		
Total General Fund		1,429,500	1,447,700		
Restricted Funds					
Balance Forward	8,192,400	108,200	82,300	8,339,700	1,681,400
Current Receipts	11,722,900	11,723,200	11,723,600	11,723,200	11,748,100
Fund Transfers	-6,894,000	-1,464,700	-1,464,800	-13,464,700	-8,464,800
Total Restricted Funds	13,021,300	10,366,700	10,341,100	6,598,200	4,964,700
Federal Funds					
Balance Forward	19,000				
Current Receipts	1,802,000	1,221,700	1,011,700	1,221,700	1,011,700
Total Federal Funds	1,821,000	1,221,700	1,011,700	1,221,700	1,011,700
Road Fund					
Regular Appropriation	2,865,900	996,700	996,800	2,869,500	3,684,100
Total Road Fund	2,865,900	996,700	996,800	2,869,500	3,684,100
TOTAL SOURCE OF FUNDS	17,708,200	14,014,600	13,797,300	10,689,400	9,660,500
EXPENDITURES BY CLASS					
Personnel Cost	2,585,400	2,917,600	3,041,600	2,422,300	2,508,300
Operating Expenses	1,363,400	1,787,200	1,757,600	1,449,000	1,419,400
Grants Loans Benefits	3,380,800	8,020,100	7,766,600	2,899,300	2,689,300
Debt Service	1,844,500	996,700	996,800	2,046,200	2,817,800
Capital Outlay				50,000	
Construction	161,700	210,700	210,700	141,200	162,700
TOTAL EXPENDITURES	9,335,800	13,932,300	13,773,300	9,008,000	9,597,500
EXPENDITURES BY FUND SOURCE					
General Fund		1,429,500	1,447,700		
Restricted Funds	4,681,600	10,284,400	10,317,100	4,916,800	4,901,700
Federal Funds	1,821,000	1,221,700	1,011,700	1,221,700	1,011,700
Road Fund	2,833,200	996,700	996,800	2,869,500	3,684,100
TOTAL EXPENDITURES	9,335,800	13,932,300	13,773,300	9,008,000	9,597,500
EXPENDITURES BY UNIT					
Commonwealth Aviation	4,873,300	9,828,100	9,618,400	4,466,600	4,235,900
Capital City Airport	2,618,000	3,107,500	3,158,100	2,495,200	2,543,800
Aviation Administration	1,844,500	996,700	996,800	2,046,200	2,817,800
TOTAL EXPENDITURES	9,335,800	13,932,300	13,773,300	9,008,000	9,597,500

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory program for administrative purposes. The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 59 public use airports, including updating and distributing the state aeronautical charts and airport directories.

The Capital City Airport is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to 81 aircraft, including the fleet owned and operated by state government and the National Guard located in Frankfort.

Policy

The Executive Budget suspends the provisions of KRS 183.525(5) during the 2012-2014 biennium so that funds accruing to the Kentucky Aviation Economic Development Fund may be used to support the administrative and operating costs of the

Commonwealth Aviation Division.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$468,000 in fiscal year 2013 and \$468,000 in fiscal year 2014 from the Kentucky Aviation Economic Development Fund to the General Fund to support General Fund supported aviation bonds authorized by the 2005 General Assembly.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$996,700 in fiscal year 2013 and \$996,800 in fiscal year 2014 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2008 General Assembly.

The Executive Budget provides Road Fund in the amount of \$253,000 in fiscal year 2013 and \$759,000 in fiscal year 2014 for debt service on \$10 million in new bonds for Aviation Development projects.

	Transportation Debt Service				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	116,904,800	154,808,300	175,025,100	154,729,300	174,867,100
Total Road Fund	116,904,800	154,808,300	175,025,100	154,729,300	174,867,100
TOTAL SOURCE OF FUNDS	116,904,800	154,808,300	175,025,100	154,729,300	174,867,100
EXPENDITURES BY CLASS					
Debt Service	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
TOTAL EXPENDITURES	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
EXPENDITURES BY FUND SOURCE					
Road Fund	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
TOTAL EXPENDITURES	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
EXPENDITURES BY UNIT					
Economic Development Lease Rental	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
TOTAL EXPENDITURES	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System.

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds are now retired.

The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The final lease rental payment for the Resource Recovery Road bonds was made in fiscal year 2008-2009.

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The 2009 General Assembly authorized bonds in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan. Most recently, the 2010 Special Session of the General Assembly authorized \$112 million in BRAC bonds to complete the projects in Fort Knox and \$400 million in bonds for projects included in the Biennial Highway Construction Plan.

Through lease agreements with the Turnpike Authority of Kentucky and the Asset and Liability Commission, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and the Economic Development Road revenue bonds. In the Debt Service program, funds are reserved exclusively for semi-annual lease rental payments to meet the principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

Policy

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the Road Fund. The amount of the Road Fund lapse is \$3,065,600 in each fiscal year.

	Transportation Highways				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				253,000	759,000
Total General Fund				253,000	759,000
Restricted Funds					
Balance Forward	304,982,600	212,330,700	123,398,900	212,330,700	123,775,100
Current Receipts	84,128,600	84,563,900	85,814,300	84,563,900	85,814,300
Non-Revenue Receipts	586,000,000	131,000,000	105,000,000	131,000,000	105,000,000
Fund Transfers	-513,500				
Total Restricted Funds	974,597,700	427,894,600	314,213,200	427,894,600	314,589,400
Federal Funds					
Balance Forward	534,400				
Current Receipts	577,888,100	568,697,600	570,069,000	568,697,600	570,069,000
ARRA Receipts	94,109,200				
Total Federal Funds	672,531,700	568,697,600	570,069,000	568,697,600	570,069,000
Road Fund					
Regular Appropriation	735,682,600	839,092,700	874,229,600	810,231,400	780,952,500
Surplus Expenditure Plan	67,517,600				
Total Road Fund	803,200,200	839,092,700	874,229,600	810,231,400	780,952,500
TOTAL SOURCE OF FUNDS	2,450,329,600	1,835,684,900	1,758,511,800	1,807,076,600	1,666,369,900
EXPENDITURES BY CLASS					
Personnel Cost	373,692,000	316,343,600	326,057,100	284,778,100	291,320,200
Operating Expenses	250,708,900	315,105,500	314,996,900	293,386,300	297,596,900
Grants Loans Benefits	34,520,300	6,741,200	6,775,500	6,812,500	6,762,400
Debt Service	104,369,500	48,169,200	48,147,000	79,940,100	107,470,500
Capital Outlay	16,375,900	387,700	469,900	387,700	469,900
Construction	1,458,332,300	1,025,538,800	1,052,814,400	1,017,996,800	952,651,100
TOTAL EXPENDITURES	2,237,998,900	1,712,286,000	1,749,260,800	1,683,301,500	1,656,271,000
EXPENDITURES BY FUND SOURCE					
General Fund				253,000	759,000
Restricted Funds	762,267,000	304,495,700	304,962,200	304,119,500	304,490,500
Federal Funds	672,531,700	568,697,600	570,069,000	568,697,600	570,069,000
Road Fund	803,200,200	839,092,700	874,229,600	810,231,400	780,952,500
TOTAL EXPENDITURES	2,237,998,900	1,712,286,000	1,749,260,800	1,683,301,500	1,656,271,000
EXPENDITURES BY UNIT					
Research	5,396,000	4,817,400	4,817,400	4,817,400	4,817,400
Construction	1,781,650,300	1,194,221,200	1,214,696,500	1,206,543,800	1,168,288,200
Maintenance	326,905,400	383,439,300	395,890,100	351,262,400	358,820,200
Engineering Administration	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
Planning	15,789,100	15,900,600	16,338,900	15,516,800	16,271,000
Highway Operations	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
Equipment Services	58,892,900	56,869,000	57,320,500	56,869,000	57,320,500
Highway Safety	10,496,000	10,750,700	11,017,900	9,987,900	10,106,600
TOTAL EXPENDITURES	2,237,998,900	1,712,286,000	1,749,260,800	1,683,301,500	1,656,271,000

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are eight programs in the Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, Highway Safety and Equipment Services. The Construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation

unit.

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of 762 miles, carries 27 percent of all travel.

	Transportation Highways Research				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Federal Funds					
Balance Forward	244,000				
Current Receipts	3,718,000	3,383,400	3,383,400	3,383,400	3,383,400
Total Federal Funds	3,962,000	3,383,400	3,383,400	3,383,400	3,383,400
Road Fund					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
Total Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL SOURCE OF FUNDS	5,396,000	4,817,400	4,817,400	4,817,400	4,817,400
EXPENDITURES BY CLASS					
Personnel Cost	4,862,000	4,527,400	4,527,400	4,527,400	4,527,400
Operating Expenses	534,000	290,000	290,000	290,000	290,000
TOTAL EXPENDITURES	5,396,000	4,817,400	4,817,400	4,817,400	4,817,400
EXPENDITURES BY FUND SOURCE					
Federal Funds	3,962,000	3,383,400	3,383,400	3,383,400	3,383,400
Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL EXPENDITURES	5,396,000	4,817,400	4,817,400	4,817,400	4,817,400

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

The Research program funds the Kentucky Transportation Center at one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund pursuant to KRS 177.320(4). An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

	Transportation Highways Construction				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				253,000	759,000
Total General Fund				253,000	759,000
Restricted Funds					
Balance Forward	296,233,800	207,537,900	118,606,100	207,537,900	118,982,300
Current Receipts	24,983,300	24,000,000	24,798,900	24,000,000	24,798,900
Non-Revenue Receipts	586,000,000	131,000,000	105,000,000	131,000,000	105,000,000
Total Restricted Funds	907,217,100	362,537,900	248,405,000	362,537,900	248,781,200
Federal Funds					
Balance Forward	290,400				
Current Receipts	555,927,200	547,761,600	548,652,900	547,761,600	548,652,900
ARRA Receipts	94,109,200				
Total Federal Funds	650,326,800	547,761,600	548,652,900	547,761,600	548,652,900
Road Fund					
Regular Appropriation	364,126,700	402,527,800	422,096,800	414,973,600	375,401,200
Surplus Expenditure Plan	67,517,600				
Total Road Fund	431,644,300	402,527,800	422,096,800	414,973,600	375,401,200
TOTAL SOURCE OF FUNDS	1,989,188,200	1,312,827,300	1,219,154,700	1,325,526,100	1,173,594,300
EXPENDITURES BY CLASS					
Personnel Cost	167,748,700	76,008,800	78,138,800	72,898,200	74,222,800
Operating Expenses	57,930,200	62,843,300	53,972,500	55,524,100	53,972,500
Grants Loans Benefits	34,520,300	3,500,000	3,500,000	3,500,000	3,500,000
Debt Service	104,369,500	48,169,200	48,147,000	79,940,100	107,470,500
Capital Outlay	15,888,400				
Construction	1,401,193,200	1,003,699,900	1,030,938,200	994,681,400	929,122,400
TOTAL EXPENDITURES	1,781,650,300	1,194,221,200	1,214,696,500	1,206,543,800	1,168,288,200
EXPENDITURES BY FUND SOURCE					
General Fund				253,000	759,000
Restricted Funds	699,679,200	243,931,800	243,946,800	243,555,600	243,475,100
Federal Funds	650,326,800	547,761,600	548,652,900	547,761,600	548,652,900
Road Fund	431,644,300	402,527,800	422,096,800	414,973,600	375,401,200
TOTAL EXPENDITURES	1,781,650,300	1,194,221,200	1,214,696,500	1,206,543,800	1,168,288,200
EXPENDITURES BY UNIT					
Bond Funded Construction	675,264,800	219,931,800	219,946,800	219,555,600	219,475,100
State Funded Construction	395,317,400	366,153,000	385,641,000	378,872,000	339,780,700
Federal Funded Construction	711,068,100	608,136,400	609,108,700	608,116,200	609,032,400
TOTAL EXPENDITURES	1,781,650,300	1,194,221,200	1,214,696,500	1,206,543,800	1,168,288,200

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction. KRS 45.750(3) exempts road projects, including associated equipment and land acquisition purchases, from the capital construction statutes outlined in KRS Chapter 45.760 - 45.810.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Currently no tolls exist on Kentucky parkways. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority received authorization to sell bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005, 2006, 2008, 2009, and 2010 for projects identified as part of the Economic Development Road System. The Authority received authorization in 2008 and 2010 to issue bonds to support road projects specifically related to the Base Re-alignment and Closure (BRAC) activities in and

around Fort Knox. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State-Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system. The Highway Construction Contingency account, authorized in KRS 45.247, is also included in the State-Funded Construction program.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. From fiscal year 2005 to fiscal year 2008, \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds were appropriated to support interstate projects along I-64, I-75, and I-65. In addition, GARVEE bonds totaling \$336 million were authorized in 2008 and 2010 for the Louisville Bridges project which is estimated to cost over \$2.6 billion. The 2010 Special Session of the General Assembly authorized \$330 million in GARVEE bonds for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project. For display purposes, the GARVEE bonds are now located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

The American Recovery and Reinvestment Act of 2009 provided \$421.1 million in additional federal funds for use on federal-aid eligible highways. Unlike traditional federal highway funds, which the Commonwealth matches with toll credits, these funds required no state match and were programmed to support "shovel-ready" projects. Of the total award amount, \$380.4 million flowed through the Transportation Cabinet, with the balance flowing directly to four local Metropolitan Planning Organizations: Northern Kentucky, Henderson, Lexington and Louisville. The funds available to the Cabinet were split between transportation enhancement projects (\$12.6 million) and infrastructure investment projects (\$367.8 million). These additional funds were made available in the spring of 2009 and must be spent by September 30, 2015.

House Bill 4 during the 2009 Special Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority to facilitate the construction, financing, operation, and oversight of mega-projects. According to the Federal Highway Administration, mega-projects are projects that have a total cost of \$500 million or more. The Authority has the power to finance mega-projects through the use of tolls, funds from any GARVEE, funds appropriated by the state or federal government, and any other funds pledged for their purpose.

Policy

The Executive Budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program, authorized by the Appropriations Act since the 2000-2002 biennium. The Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that expenditures remain within enacted appropriations.

The Executive Budget provides General Fund of \$253,000 in fiscal year 2013 and \$759,000 in fiscal year 2014 for debt service on \$10 million in new bonds for Wetland Restoration projects.

	Transportation Highways Maintenance				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts	3,692,900	3,692,900	3,692,900	3,692,900	3,692,900
Total Restricted Funds	3,692,900	3,692,900	3,692,900	3,692,900	3,692,900
Road Fund					
Regular Appropriation	323,212,500	379,746,400	392,197,200	347,569,500	355,127,300
Total Road Fund	323,212,500	379,746,400	392,197,200	347,569,500	355,127,300
TOTAL SOURCE OF FUNDS	326,905,400	383,439,300	395,890,100	351,262,400	358,820,200
EXPENDITURES BY CLASS					
Personnel Cost	137,033,600	159,157,900	164,318,700	141,381,000	144,648,800
Operating Expenses	158,685,800	224,130,800	231,383,500	209,730,800	213,983,500
Construction	31,186,000	150,600	187,900	150,600	187,900
TOTAL EXPENDITURES	326,905,400	383,439,300	395,890,100	351,262,400	358,820,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,692,900	3,692,900	3,692,900	3,692,900	3,692,900
Road Fund	323,212,500	379,746,400	392,197,200	347,569,500	355,127,300
TOTAL EXPENDITURES	326,905,400	383,439,300	395,890,100	351,262,400	358,820,200

Kentucky has invested approximately \$19 billion in its highway infrastructure which is comprised of right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of Project Delivery and Preservation administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are explained in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

The Division of Maintenance responsibilities are broken down into the following categories:

The Roadway Preservation program maintains 14,783 miles of state primary highways and 12,799 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on 27,582 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities.

The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system. Kentucky has 6,142 bridges of which 27 are Ohio River crossings and 74 are in-state bridges over major lakes and rivers.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck rest haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

Policy

The Executive Budget recognizes the importance of maintaining the Commonwealth's current roadway infrastructure and has provided additional Road Fund support totaling \$52 million over the biennium to support the ongoing efforts of the Cabinet to keep the motoring public moving safely and efficiently over the roads of Kentucky.

**Transportation
Highways
Engineering Administration**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
Total Road Fund	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
TOTAL SOURCE OF FUNDS	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
EXPENDITURES BY CLASS					
Personnel Cost	10,459,600	15,863,200	16,425,800	10,903,200	11,171,600
Operating Expenses	2,298,600	1,821,700	2,144,300	1,821,700	2,144,300
Capital Outlay	487,500	387,700	469,900	387,700	469,900
TOTAL EXPENDITURES	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
EXPENDITURES BY FUND SOURCE					
Road Fund	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
TOTAL EXPENDITURES	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists the Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Road Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal-aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right-of-Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Road Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Professional Services is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

	Transportation Highways Planning				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	12,276,400	12,082,900	12,498,000	12,082,900	12,498,000
Total Federal Funds	12,276,400	12,082,900	12,498,000	12,082,900	12,498,000
Road Fund					
Regular Appropriation	3,512,700	3,817,700	3,840,900	3,433,900	3,773,000
Total Road Fund	3,512,700	3,817,700	3,840,900	3,433,900	3,773,000
TOTAL SOURCE OF FUNDS	15,789,100	15,900,600	16,338,900	15,516,800	16,271,000
EXPENDITURES BY CLASS					
Personnel Cost	14,142,300	14,243,600	14,675,200	13,859,800	14,607,300
Operating Expenses	1,646,800	1,657,000	1,663,700	1,657,000	1,663,700
TOTAL EXPENDITURES	15,789,100	15,900,600	16,338,900	15,516,800	16,271,000
EXPENDITURES BY FUND SOURCE					
Federal Funds	12,276,400	12,082,900	12,498,000	12,082,900	12,498,000
Road Fund	3,512,700	3,817,700	3,840,900	3,433,900	3,773,000
TOTAL EXPENDITURES	15,789,100	15,900,600	16,338,900	15,516,800	16,271,000

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine metropolitan planning organizations (MPOs) to implement the continuing, comprehensive, and cooperative planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADDs) Assistance administers a regional planning and public participation process in the state's 15 ADDs as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

**Transportation
Highways
Highway Operations**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
Total Road Fund	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
TOTAL SOURCE OF FUNDS	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
EXPENDITURES BY CLASS					
Personnel Cost	24,167,700	28,535,200	29,372,900	25,511,600	26,094,700
Operating Expenses	1,455,800	-320,000	766,600	-320,000	766,600
TOTAL EXPENDITURES	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
EXPENDITURES BY FUND SOURCE					
Road Fund	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
TOTAL EXPENDITURES	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways oversees the Department, which includes the State Highway Engineer's Office, three offices which include 14 divisions, and 12 district offices across the state. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviews management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship program and the Engineering Graduate Training program, coordinates the Research program, and manages special projects, such as the Louisville Bridges project.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

**Transportation
Highways
Equipment Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	8,736,100	4,780,100	4,780,100	4,780,100	4,780,100
Current Receipts	55,450,400	56,869,000	57,320,500	56,869,000	57,320,500
Fund Transfers	-513,500				
Total Restricted Funds	63,673,000	61,649,100	62,100,600	61,649,100	62,100,600
TOTAL SOURCE OF FUNDS	63,673,000	61,649,100	62,100,600	61,649,100	62,100,600
EXPENDITURES BY CLASS					
Personnel Cost	11,291,900	13,069,300	13,520,100	11,592,800	11,867,600
Operating Expenses	21,647,900	22,111,400	22,112,100	22,111,400	22,112,100
Construction	25,953,100	21,688,300	21,688,300	23,164,800	23,340,800
TOTAL EXPENDITURES	58,892,900	56,869,000	57,320,500	56,869,000	57,320,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	58,892,900	56,869,000	57,320,500	56,869,000	57,320,500
TOTAL EXPENDITURES	58,892,900	56,869,000	57,320,500	56,869,000	57,320,500

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 14 repair garages located throughout the state.

	Transportation Highways Highway Safety				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	12,700	12,700	12,700	12,700	12,700
Current Receipts	2,000	2,000	2,000	2,000	2,000
Total Restricted Funds	14,700	14,700	14,700	14,700	14,700
Federal Funds					
Current Receipts	5,966,500	5,469,700	5,534,700	5,469,700	5,534,700
Total Federal Funds	5,966,500	5,469,700	5,534,700	5,469,700	5,534,700
Road Fund					
Regular Appropriation	4,527,500	5,279,000	5,481,200	4,516,200	4,569,900
Total Road Fund	4,527,500	5,279,000	5,481,200	4,516,200	4,569,900
TOTAL SOURCE OF FUNDS	10,508,700	10,763,400	11,030,600	10,000,600	10,119,300
EXPENDITURES BY CLASS					
Personnel Cost	3,986,200	4,938,200	5,078,200	4,104,100	4,180,000
Operating Expenses	6,509,800	2,571,300	2,664,200	2,571,300	2,664,200
Grants Loans Benefits		3,241,200	3,275,500	3,312,500	3,262,400
TOTAL EXPENDITURES	10,496,000	10,750,700	11,017,900	9,987,900	10,106,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	2,000	2,000	2,000	2,000	2,000
Federal Funds	5,966,500	5,469,700	5,534,700	5,469,700	5,534,700
Road Fund	4,527,500	5,279,000	5,481,200	4,516,200	4,569,900
TOTAL EXPENDITURES	10,496,000	10,750,700	11,017,900	9,987,900	10,106,600

The Office of Transportation Safety is headed by an Executive Director who reports directly to the State Highway Engineer. The Office includes the Division of Incident Management and the Division of Highway Safety Programs. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes.

The Division of Incident Management manages the Transportation Operations Center and coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents.

The Division of Highway Safety Programs is charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems.

**Transportation
Public Transportation**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,528,800	5,852,000	5,852,000	4,003,700	4,003,700
Continuing Approp.-General Fund	305,600				
Mandated Expenditure Reductions	-157,900				
Total General Fund	4,676,500	5,852,000	5,852,000	4,003,700	4,003,700
Restricted Funds					
Current Receipts	440,000	440,000	440,000	440,000	440,000
Fund Transfers	-33,100				
Total Restricted Funds	406,900	440,000	440,000	440,000	440,000
Federal Funds					
Current Receipts	49,370,500	32,682,900	32,860,000	32,682,900	32,860,000
Total Federal Funds	49,370,500	32,682,900	32,860,000	32,682,900	32,860,000
TOTAL SOURCE OF FUNDS	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700
EXPENDITURES BY CLASS					
Personnel Cost	1,508,000	1,684,600	1,731,100	1,567,900	1,598,700
Operating Expenses	97,700	119,700	96,800	119,700	96,800
Grants Loans Benefits	52,848,200	37,170,600	37,324,100	35,439,000	35,608,200
TOTAL EXPENDITURES	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700
EXPENDITURES BY FUND SOURCE					
General Fund	4,676,500	5,852,000	5,852,000	4,003,700	4,003,700
Restricted Funds	406,900	440,000	440,000	440,000	440,000
Federal Funds	49,370,500	32,682,900	32,860,000	32,682,900	32,860,000
TOTAL EXPENDITURES	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700
EXPENDITURES BY UNIT					
Public Transportation	53,680,800	38,151,400	38,328,500	36,351,200	36,528,300
Multi-Modal Transportation	366,200	383,500	383,500	335,400	335,400
Human Services Delivery	406,900	440,000	440,000	440,000	440,000
TOTAL EXPENDITURES	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the following federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund and local matching funds, allow public transit authorities to acquire buses and vans.

The American Recovery and Reinvestment Act of 2009 provided \$51.5 million in additional federal funds for the Section 5307 Urban Transit and Section 5311 Rural Transit programs. Unlike traditional federal transit funds, these funds required no state match. Of that amount, \$21.4 million flowed through the Transportation Cabinet, with the balance flowing directly to local transit agencies. These additional funds were made available in the spring of 2009 and have been fully expended by the Cabinet.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership between the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities.

Policy

The Executive Budget provides for the use of Toll Credits to be used by the Office of Transportation Delivery and public transit authorities as the match for federal funds.

**Transportation
Revenue Sharing**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,765,000				
Total Restricted Funds	5,765,000				
Road Fund					
Regular Appropriation	312,423,900	381,582,100	415,992,100	380,661,800	405,482,300
Other	34,065,400				
Total Road Fund	346,489,300	381,582,100	415,992,100	380,661,800	405,482,300
TOTAL SOURCE OF FUNDS	352,254,300	381,582,100	415,992,100	380,661,800	405,482,300
EXPENDITURES BY CLASS					
Personnel Cost	2,312,700	2,970,100	3,071,100	2,477,800	2,534,300
Operating Expenses	4,079,800	4,709,900	5,144,600	4,697,600	5,144,600
Grants Loans Benefits	192,147,700	205,742,100	224,299,500	205,352,100	218,735,500
Construction	153,695,100	168,160,000	183,476,900	168,134,300	179,067,900
TOTAL EXPENDITURES	352,235,300	381,582,100	415,992,100	380,661,800	405,482,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	5,765,000				
Road Fund	346,470,300	381,582,100	415,992,100	380,661,800	405,482,300
TOTAL EXPENDITURES	352,235,300	381,582,100	415,992,100	380,661,800	405,482,300
EXPENDITURES BY UNIT					
County Road Aid	132,733,500	144,175,200	157,236,800	143,900,700	153,320,600
Rural Secondary	158,833,900	174,901,100	190,746,400	174,568,100	185,995,600
Municipal Aid	59,053,000	60,663,900	66,159,700	60,548,400	64,511,900
Energy Recovery	903,000	903,000	903,000	903,000	903,000
Rural and Municipal Aid	711,900	938,900	946,200	741,600	751,200
TOTAL EXPENDITURES	352,235,300	381,582,100	415,992,100	380,661,800	405,482,300

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410 - 179.440; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365 – 177.366; the Energy Recovery Road program, authorized by KRS 177.977-177.978; and other Special Programs.

The County Road Aid, Rural Secondary Aid, and Municipal Aid programs receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels tax collections which is distributed to counties for the construction, reconstruction and maintenance of county roads and bridges. The Rural Secondary Aid program receives 22.2 percent of motor fuels tax collections, and funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

The Special Programs budget unit includes the Commissioner's Office, the Office of Local Programs, the Kentucky Bicycle and Bikeway Commission, and the Bicycle and Pedestrian Program.

Policy

Pursuant to KRS 183.220(3), effective July 1, 2005, one cent (\$0.01) and effective July 1, 2006, two and one-tenth cents (\$0.021), of the tax collected under the motor fuel tax are excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program), KRS 177.320(2) (the County Road Aid program), and KRS 177.365 (the Municipal Road Aid program).

KRS 138.210, amended by the 2009 General Assembly, provided that the average wholesale price, upon which the motor fuels tax rate is calculated, shall not drop below one dollar and seventy-eight and six-tenths cents (\$1.786).

On December 21, 2011, the Consensus Forecasting Group established the Motor Fuels revenue estimate for the fiscal biennium 2012-2014. The Motor Fuels revenue estimate is \$850,400,000 for fiscal year 2013 and \$901,900,000 for fiscal year 2014.

**Transportation
Vehicle Regulation**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	7,507,500	7,128,700	4,205,700	4,913,400	4,427,000
Current Receipts	16,680,100	16,893,100	16,894,000	16,893,100	16,894,000
Non-Revenue Receipts	-133,100	-75,000	-75,000	-75,000	-75,000
Fund Transfers	-3,786,500			-5,500,000	-4,200,000
Total Restricted Funds	20,268,000	23,946,800	21,024,700	16,231,500	17,046,000
Federal Funds					
Current Receipts	3,000,000	2,730,000	2,730,000	2,730,000	2,730,000
Total Federal Funds	3,000,000	2,730,000	2,730,000	2,730,000	2,730,000
Road Fund					
Regular Appropriation	22,889,200	25,237,100	25,570,500	24,636,800	25,926,700
Total Road Fund	22,889,200	25,237,100	25,570,500	24,636,800	25,926,700
TOTAL SOURCE OF FUNDS	46,157,200	51,913,900	49,325,200	43,598,300	45,702,700
EXPENDITURES BY CLASS					
Personnel Cost	16,436,500	19,013,700	19,511,600	17,421,200	17,741,000
Operating Expenses	17,561,900	18,306,700	14,361,000	13,604,700	13,554,500
Grants Loans Benefits	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
Debt Service	3,145,400	3,143,900	3,145,500	4,045,400	4,948,500
Capital Outlay		3,143,900	3,145,500		
TOTAL EXPENDITURES	41,243,800	47,708,200	44,263,600	39,171,300	40,344,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	15,354,600	19,741,100	15,963,100	11,804,500	11,687,300
Federal Funds	3,000,000	2,730,000	2,730,000	2,730,000	2,730,000
Road Fund	22,889,200	25,237,100	25,570,500	24,636,800	25,926,700
TOTAL EXPENDITURES	41,243,800	47,708,200	44,263,600	39,171,300	40,344,000
EXPENDITURES BY UNIT					
Commissioner	1,257,600	1,543,200	1,536,300	1,382,400	1,358,700
Drivers Licensing	14,440,600	15,107,000	15,258,400	14,554,900	15,732,700
Motor Carriers	3,099,200	3,618,200	3,725,400	3,317,300	3,382,900
Motor Vehicle Licensing	21,462,000	26,436,700	22,740,400	18,998,600	18,960,100
Motor Vehicle Commission	984,400	1,003,100	1,003,100	918,100	909,600
TOTAL EXPENDITURES	41,243,800	47,708,200	44,263,600	39,171,300	40,344,000

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, and Motor Vehicle Licensing. The Motor Vehicle Commission is also attached to the Department for administrative purposes.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver's license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240(3) requires the Cabinet to issue a new reflectorized license plate on a schedule to be determined by the Cabinet. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a Restricted Fund to pay for the new plates. In 2007, KRS 186.040 was amended to add an additional \$3 to the registration fee which shall be distributed as follows: \$1 for AVIS replacement activities, \$1 for county clerk hardware and software improvement, and \$1 for a county clerk revenue supplement for collection and administration of Road Fund taxes.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a Restricted Fund account.

Policy

The Department's new motor vehicle registration system, KAVIS, will become operational in fiscal year 2014. Funds to support the ongoing operation and maintenance of the new system are included in the General Administration appropriation unit.

The Executive Budget provides Road Fund of \$901,500 in fiscal year 2013 and \$1,803,000 in fiscal year 2014 for debt service on \$12.5 million in new bonds for the Kentucky Driver License Information System project.

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Statewide

**Statewide
Budget Reserve Trust Fund**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Surplus Expenditure Plan	121,722,500				
Continuing Approp.-General Fund				121,722,500	71,722,500
Total General Fund	121,722,500			121,722,500	71,722,500
TOTAL SOURCE OF FUNDS	121,722,500			121,722,500	71,722,500

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

Policy

The current balance of the Budget Reserve Trust Fund is \$121,722,500. The entire balance resulted from a deposit from the fiscal year 2011 General Fund Surplus that was not needed to fund Necessary Government Expenses in fiscal year 2012. The Executive Budget, to address a difficult fiscal condition, proposes to use \$50,000,000 in fiscal year 2013 and \$51,709,100 in fiscal year 2014 to prevent further reductions in priority areas such as education, public safety, human services, and economic development.

The Executive Budget proposes to direct funds to the Budget Reserve Trust Fund through the General Fund Surplus Expenditure Plan.